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CHINA AND MADAGASCAR: ENGAGEMENT, PERCEPTIONS, AND DEVELOPMENTAL EFFECTS

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Thesis submitted for the degree of PhD

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Abstract

Adopting a theoretical framework grounded in politics of development, this thesis addresses the linkages between China's engagements in Africa and local processes of development, utilising Madagascar - an under-researched country marked by repetitive political crises and a multidimensional history of Chinese involvement - as a case study. My original contribution to knowledge is a study of contemporary China - Madagascar relations. Due to a lack of existing research on the subject, this thesis explores the entirety of China's presence in Madagascar, including its historical, political, economic, and social dimensions. This dissertation is structured into two parts and comprises seven chapters. Part one clarifies the theoretical and contextual framework and is composed of chapters two and three. Chapter two provides a historical overview of Madagascar's economic, social, and political development trajectory since independence in 1960, and chapter three highlights the importance of politics to development by discussing to what extent the Malagasy government under President Marc Ravalomanana from 2002 until 2008 could be considered developmental. Part two deconstructs China's engagements in Madagascar. Chapter four discusses relations at the state level, chapter five explores Chinese migration to Madagascar, and chapter six analyses the negative impacts that arise from China's increasing engagements on the island. Chapter seven summarises the key findings, discusses their implications, and draws out their relevance for the study of China's engagements in developing countries more generally. I seek to show that since development impacts of China's engagements in Madagascar are incredibly varied, they ultimately depend on underlying structural and political issues that are endemic to Madagascar. I found that levels of local Sino-Malagasy interactions significantly help determine how China's engagements impact development processes, and that the role of the Malagasy state is crucial in managing the engagements and mitigating the negative impacts that do arise from them. This suggests that the development impacts of China in Africa depend to a large extent on how these are managed and regulated by African host governments.

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Acronyms

ACECMA	Association of Chinese Commerce and Entrepreneurs in Madagascar
ADB	African Development Bank
AFECC	Anhui Foreign Economic Construction Group
AGOA	African Growth and Opportunity Act
AMP	Aid Management Platform
ASEM	Association of State-Owned Companies in Madagascar
AREMA	Association for the Rebirth of Madagascar
AU	African Union
BADA	Arab Development Bank
BCMM	Malagasy Mining Registry
BICM	Industrial and Commercial Bank of Madagascar
CEM	Madagascar Environmental Charter
CIF	China International Fund
CIPENS	National Identity Card for Non-salaried Foreign Professionals
COMESA	Common Market for Eastern and Southern Africa
COMPLANT	China Complete Plant Import and Export Corporation
CRCC	China Railway Construction Corporation
CSR	Corporate Social Responsibility
DAC	Donor Assistance Committee
FFKM	Malagasy Council of Christian Churches
EDBM	Economic Development Board of Madagascar
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EKAR	Malagasy Catholic Church
EPZ	Export Processing Zone
EU	European Union
Exim Bank	The Export-Import Bank of China
FDI	Foreign Direct Investment
FIMPA	Malagasy Consumer Association
FJKM	Church of Jesus Christ of Madagascar
FOCAC	Forum on China-Africa Cooperation
GDP	Gross Domestic Product
GEM	Group of Malagasy Enterprises
GNI	Gross National Income
HAT	High Authority for the Transition
HCC	High Constitutional Court
HDI	Human Development Index
HIPC	Highly Indebted Poor Countries

HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
ICC	International Conference Centre
IFI	International Financial Institution
IMF	International Monetary Fund
INSTAT	Malagasy National Institute of Statistics
ISI	Import Substitution Industrialisation
JIRAMA	Malagasy Gas and Water Company
LGIM	Law of Big Mining Sector Investments
MALOCI	Madagascar Long Cement Factory
MAP	Madagascar Action Plan
MCA	Millennium Challenge Account
MCBC	Madagascar China Business Council
MDC	Madagascar Development Corporation
MDG	Millennium Development Goals
MECIE	Foreign Investment Environmental Accountability Scheme
MFA	Multi Fibre Agreement
NEPAD	New Economic Programme for African Development
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
OMNIS	National Office of Mines and Strategic Industries
ONE	National Office for the Environment
PAMM	Pan African Mining Madagascar
PAPMAD	Malagasy Paper Company
PDS	Social Democratic Party
PRC	People's Republic of China
PRSM	Project for the Reform of the Mining Sector
PGRM	Programme for the Governance of Mineral Resources
QMM	Rio Tinto/QIT Madagascar Minerals
RN	National Road
SADC	South African Development Community
SAP	Structural Adjustment Programme
SEZ	Special Economic Zone
SIM	Malagasy Industrial Syndicate
SIPROMAD	Industrial Company of Malagasy Products
SMATP	Sino-Malagasy Public Works Company
SNCTP	National Chinese Bridge and Road Company
SOE	State-owned Enterprise
SOGEOA	Sogecoa Madagascar Limited
SOMACOU	Malagasy Blanket Company
SRI	System of Intense Rice Cultivation
SUNPEC	Sino Union Petroleum and Chemical International
TIM	I Love Madagascar Party
TGV	Young Determined Malagasy Party
UK	United Kingdom
UN	United Nations

UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Education Fund
US	United States
WISCO	Wuhan Iron and Steel Corporation
WTO	World Trade Organisation
WWF	World Wildlife Fund
ZTE	Zhong Xing Telecommunication Equipment Company Limited

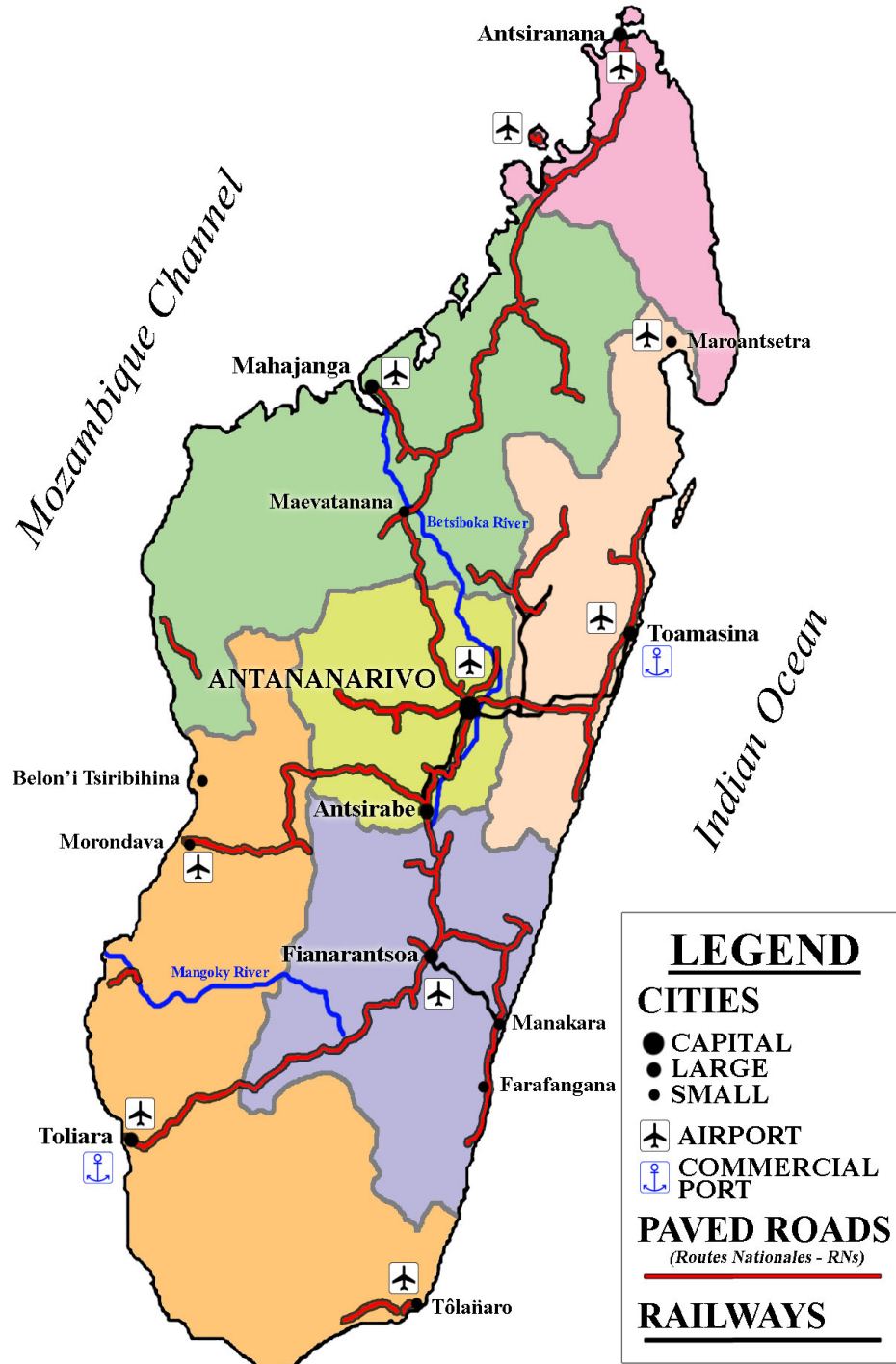
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Map 1: Political map of Madagascar



Photograph 1: The Chinese pagoda in Moramanga



Chapter 1: Interrogating the Sino-Malagasy relationship

Introduction

In November 2010, Madagascar's internationally unrecognised government, the High Authority for the Transition (HAT), announced that it had created a holding company called the Madagascar Development Corporation (MDC) with the China International Fund (CIF) to implement several large-scale infrastructure and investment projects around the country.¹ These projects included the creation of the largest cement factory in the Indian Ocean; a tram system for the capital, Antananarivo; 10,000 units of low-income housing in and around the capital; and an upgrade of the national Air Madagascar fleet.² The schemes were to be financed in part by a signature bonus worth between United States (US) \$100 million and US \$140 million that the HAT had received from the Wuhan Iron and Steel Corporation (WISCO), one of the largest Chinese steel producers, for the exploration rights to an iron-ore deposit near Mahajanga earlier that year.³ If the WISCO project becomes operational, Madagascar is anticipating a total inflow of US \$8 billion, which would represent the country's biggest foreign investment to date. Addressing the suspension of all non-humanitarian development aid by traditional Western donors since 2009 one month later, Andry Rajoelina, the leader of the HAT, proclaimed that, "the future is bright... if the West wants to strangle us, we will go breathe towards the East". More specifically, he asserted that Madagascar ought to turn towards China if it wishes to position itself at the cutting edge of technology and global economic developments.⁴

As elsewhere in Africa, China's engagements in Madagascar are multifaceted and growing rapidly. In 2005, Madagascar accounted for 13% of Chinese imports to Africa and ranked seventh in terms of Chinese foreign direct investment (FDI) to African countries. In 2003, China became Madagascar's

¹ The Malagasy regime assumed the title "HAT" after the political crisis of 2009, but it was altered to "Government of National Unity" (GUN) in March 2011. It is still referred to widely as the HAT, and this abbreviation will be utilised throughout this dissertation to connote the current government of Madagascar.

² Two Air Madagascar Boeing airplanes were banned from European airspace in 2011 due to safety concerns.

³ The WISCO consortium consists of WISCO, Guangdong Foreign Trade Group, and Kam Hing International Holdings, who hold stakes of 42%, 38%, and 20%, respectively. Africa-Asia Confidential, 2012.

⁴ Chauprade, "Sauver Madagascar", *Realpolitik.tv*

primary source of imports, and it is currently the island's fifth largest destination of exports.⁵ Chinese companies have a significant presence in a wide range of sectors, including the extractive industries, manufacturing, construction, telecommunications, retail, real estate, hospitality, financial services, and electronics. Diplomatic and development relations, established in the 1970s, have matured concurrently. 52 economic, technical, and political accords were signed between the two countries between 1999 and 2009, compared with 15 between 1991 and 2000.⁶ China cancelled all of the debt owed to it by Madagascar in 2005, it picked Madagascar as one of 20 African countries with which to launch a hybrid rice centre in 2007, and its state-owned companies (SOEs) have constructed several large-scale infrastructure projects, including an International Conference Centre (ICC), a new turbine on a hydroelectric dam, and a number of roads, schools, hospitals, and sanitation facilities.

In addition, since the late-1990s, Madagascar has been experiencing a significant influx of Chinese migrants. The majority of Chinese immigrants arrive in Madagascar through personal kinship or business networks and work as small-scale traders of goods manufactured in China. They either launch their own import-export company or work as a salesperson in a friend- or family owned shop. They generally settle in the urban areas of downtown Antananarivo, and to a lesser extent in the eastern port town and economic hub of Toamasina. Although most of the migrants are either transitory or circular, meaning that they are temporary, some have become so economically successful that they have diversified into other sectors of the economy, and may end up residing in the country on a more permanent basis. Quantifying Chinese migrants in Africa is notoriously difficult, but the number of Chinese nationals residing currently in Madagascar is estimated to be between 70,000 and 100,000, which is relatively high compared with the number of Chinese immigrants in most other African countries.⁷ A number of factors specific to Madagascar have facilitated private Chinese migration to the island. These include the signing of a bilateral immigration agreement between China and Madagascar in 1996, economic growth under the regime of former President Marc Ravalomanana, and the inauguration of a flight between Antananarivo and Guangzhou, China, in 2008.

⁵ Razafindravonona, Rakotomanana, and Rajaobelina, *Impact of Investment Relations*, and "La Chine Premier Partenaire de Madagascar", *Midi Madagasikara*, 2012.

⁶ Government of Madagascar, Ministry of Foreign Affairs, 2010.

⁷ This number is based on information acquired from existing data, author interviews, and informed speculation. Total estimates for the number of Chinese migrants in all of Africa range from around 580,000 to over 800,000. See Park, *Chinese Migration in Africa*, p. 3.

Madagascar is also host to a sizeable community of locally born Malagasy residents of Chinese descent, whose existence has made the island especially attractive to the new Chinese migrants by allowing the latter to more easily integrate into the local economy. Madagascar has the second largest number of resident Chinese in Africa and the Indian Ocean.⁸ The resident Sino-Malagasy community composes around 60,000 individuals, or approximately 0.3% of a total population of almost 21 million.⁹ The four states (South Africa, Madagascar, Mauritius, and Reunion) that experienced significant earlier waves of Chinese immigration now have higher rates of new immigration and display more social, economic, and political integration between the new migrants and local communities.¹⁰ The arrival of the new Chinese immigrants has led to a distinction between the “old” and the “new” Chinese, or as they are known locally, “*les anciens et les nouveaux Chinois*”.¹¹ The old and new Chinese are two distinct groups of people. They speak different languages and occupy divergent roles in Madagascar’s economy. The old Chinese are well integrated into local society, possess Malagasy passports, speak Malagasy, French, and Cantonese, and conceive of themselves as Malagasy first and Chinese second, while the new Chinese generally view Madagascar as a short-term economic opportunity.

Despite the progressively catholic nature of Sino-Malagasy relations, local perceptions of how the growing Chinese presence affects the daily lives and economic prospects of the majority of Malagasy are quite negative. Madagascar is one of the poorest countries in the world, and it consistently ranks towards the bottom of the Human Development Index (HDI). In 2012, it was classified 151 out of 187 countries.¹² Approximately 70% to 80% of the population lives in rural areas under subsistence conditions on an average Gross National Income (GNI) per capita of US \$950.¹³ The country’s economy is dependent on donor funding. In 2008, aid flows accounted for 70% of state revenues, approximately 40% of the

⁸ South Africa possesses the largest community, with close to 200,000 Sino-South Africans in the country, and Mauritius has the third largest, numbering close to 40,000. See Park, *A Matter of Honour*, and Sautman and Yan, “Friends and Interests”, 75-114.

⁹ Interview with the president of the Chinese congregation on October 5th, 2010. Mauritius, not Madagascar, is often thought to have the second largest resident Chinese community in the region, but this is only true when the community is conceived of as a percentage of the whole population. In Mauritius, which only has a little over one million residents, the Sino-Mauritian community accounts for 3% of the population.

¹⁰ See Mohan and Tan-Mullins, “Chinese Migrants in Africa”, 588-605.

¹¹ Throughout this paper, the “new Chinese” refers to the Chinese migrants who have settled in Madagascar since 1990. The term “old Chinese” denotes the community of locally born descendants of Chinese immigrants who were already living in Madagascar before 1990.

¹² The HDI measures and compares life expectancy, literacy, education, standards of living, and quality of life among all the countries worldwide. See <http://hdr.undp.org/en/statistics/>.

¹³ World Bank Databank. See <http://databank.worldbank.org/data/home.aspx>.

government budget, and 75% of investments in public spending.¹⁴ Politics have been characterised by two post-colonial attempts at state-led development, an ongoing transition to democracy that began in the early-1990s, and a series of deep political crises in 1971-72, 1990-91, 2001-02, and 2009. Political structures are permeated by ethnic and class-based social dynamics that were inherited from the pre-colonial era and exacerbated by French colonial policies. A small group of elite families from the capital and the surrounding highlands largely dominates the politics of development on the island. Since the formal transition to democracy, successive democratic presidents have manipulated the democratic process to legitimise their own power and bolster their wealth, while the bulk of the population has remained poor.

Approaching this study from a politics of development perspective, I maintain that China's engagement in Madagascar is not inherently positive or negative, but contingent on the way the host state manages it. The extent to which elements of China's engagement can be exploited to the benefit of local development thus depends to a significant degree on state policy, presence, and withdrawal. Under Ravalomanana's presidency, the Malagasy government broadly deployed some of its institutional strengths to further economic growth. While Ravalomanana's government appropriated some of the gains from China's investments for itself, in general China's engagement in Madagascar during this time was constructive. In contrast, after 2009, as Madagascar's productive sectors were re-oriented to benefit those in power with little positive spillovers onto the local economy, the Sino-Malagasy relationship became increasingly dysfunctional. The political crisis resulted in a weakened regulatory framework, which contributed to economic stagnation outside of the extractive industries and the proliferation of political scandals involving the HAT and Chinese SOEs. This is especially the case in relation to environmental degradation issues and the trafficking of precious wood, of which the latter has transpired with the collusion of local and high-level government officials.

In this dissertation, I explore the developmental effect of China's engagements in Africa, utilising Madagascar as a case study. While cognisant of existing controversies and potential negative impacts, I seek to argue that China's engagement is conducive to African development prospects for several reasons. My hypothesis has three, related components. First, I maintain that China enhances the policy space within which African leaders can determine their country's development paths. This is because China's approach raises important

¹⁴ Ploch, *Madagascar's Political Crisis*, p. 8, and Bachelard and Marcus, *Country at the Crossroads*, p. 3.

questions about the efficacy of development orthodoxy and the role of the state in development, and provides African governments an alternative to the neo-liberal prescriptions of traditional donors. Second, China's engagement provides African societies with some of the basic infrastructures needed for local private sector growth, especially in the domains of health, agriculture, and energy and transport infrastructures. Third, the expansion of Chinese companies and traders in Africa is contributing to the establishment of new Chinese business networks and supply chains that local entrepreneurs can harness. In the proceeding sections of this introductory chapter, I discuss the issues relevant to this thesis within the literature on China-Africa relations before examining the small body of work debating the Chinese presence in Madagascar more specifically. I then outline my research methodology and provide an overview of the argument and thesis structure.

Issues in China-Africa development relations

A recurring theme in the literature on China and Africa is that China is approaching African countries as economic partners with tremendous growth opportunities instead of as developing nations in need of assistance. However, the vital issue of how this is impacting local development processes is controversial. A point of contention is that China is not a donor in the traditional sense, meaning that it does not adhere to the post-colonial and Western concept of development aid. China is not a member of the Organisation for Economic Cooperation and Development's (OECD) Donor Assistance Committee (DAC), which is the forum for the coordination of development aid among the established donors, which include mostly Western countries. DAC member states have common objectives concerning the implementation of their aid programmes, and generally follow DAC guidelines in the management of development aid. The DAC defines aid as official finance intended to promote economic development and welfare that is concessional in character, and which contains a grant element of at least 25%.¹⁵ Development aid must be proffered by official development agencies, including state and local governments, and not by profit-making companies. DAC donors include subventions for foreign students, debt relief, and administrative subsidies as part of their definition of development aid, while China does not.¹⁶ Instead of pursuing "purposive development interventions by multilateral agencies and NGOS", China provides direct budget support to African governments predominantly in the form of loans, interest-free credit lines, technical assistance,

¹⁵ Tan-Mullins, Mohan, and Power, "Redefining Aid", 857-881.

¹⁶ Grimm, *Transparency of Chinese Aid*.

and donations.¹⁷ The construction of sports facilities, military assistance, and subsidised loans for joint ventures are defined as development aid by China, but not by the DAC.

Debates over the politics of Chinese engagement with African development have been marked by increasing concern over China's use of aid in exchange for natural resources.¹⁸ Chinese budget support is closely linked to other financial flows such as trade and investment, which focus on infrastructure and other project-based "motors of investment" as levers for economic development in Africa.¹⁹ The two largest beneficiary sectors of Chinese infrastructure projects are power (mainly hydropower) and transport (mainly railroads).²⁰ Chinese infrastructure finance is often extended through the China Export-Import Bank (Exim Bank), which has an explicit mission to promote trade and investments. Created in 1994, the Exim Bank provides finance export and international loans to African governments to hire Chinese companies mainly for the purpose of infrastructure construction. The interest rates offered under Exim Bank's concessional loans are often lower than those of multilateral donor agencies, have longer repayment periods, and no political conditionalities.²¹ Often, the mechanism of the loan disbursements are specifically structured so that the Exim Bank retains control of the expenditures and pays the Chinese company that has undertaken the project directly. Sometimes, Chinese loans are repaid with natural resources. This is reflected in the concentration of Chinese loans. In 2008, approximately 70% of Chinese infrastructure finance was allocated to just four countries: Nigeria, Angola, Sudan, and Ethiopia, the first three of which are oil-exporting states.²² The most widely publicised preferential oil deal occurred in 2004, when China negotiated a US \$2 billion soft loans package with the Angolan government to be repaid with future oil windfalls. China extended another US \$2 billion loan to Angola in exchange for oil in 2005, and a US \$2,5 billion line of credit in 2007.²³

For this reason, China's engagements in Africa are often viewed as reproducing neo-colonial structures of trade dependence, especially in the Western media.²⁴ In 2008, the *Financial Times* portrayed Chinese and American

¹⁷ Mohan and Power, "Economic Geography of Development", 24-28, p. 26.

¹⁸ Tan-Mullins, Mohan, and Power, "Redefining Aid", 857-881.

¹⁹ Mohan and Power, "Economic Geography of Development", 24-28, p. 26.

²⁰ Foster, Butterfield, Chen, and Pushak, *China's Growing Role*.

²¹ Alden, *China in Africa*.

²² Foster et al., *China's Growing Role*.

²³ Corkin, *Uncovering Agency*.

²⁴ "China, the New Colonialists", *Economist*, March 13-21, 2008.

initiatives in Africa in terms of a “new scramble for Africa”.²⁵ Others speak of a “21st century scramble”, which similarly evokes recollections of 19th century European colonisation on the continent.²⁶ African exports to China grew at an annual rate of 48% between 1999 and 2004, but a glance at the composition of Sino-African trade flows reveals a widening imbalance.²⁷ In 2004, oil and gas accounted for 62% of Africa’s exports to China, ores and metals for 17%, and agricultural raw materials for 7%. In 2005, five oil and mineral exporting countries, including Angola, Congo, Equatorial Guinea, Nigeria, and Sudan accounted for 85% percent of African exports to China.²⁸ Chinese investment in Africa is also destined primarily for the extractive industries and has had a limited role (largely in apparel) in integrating African countries in the global value chain.²⁹ Meanwhile, the majority of African imports from China consist of manufactured products ranging from basic consumer goods to machinery and electronics. Alden argues that local industries and merchants have been hit hard by the flood of cheap Chinese wholesale and retail shops used to establish networks to sell goods.³⁰ Adopting a long-term view, Mohan and Power do not believe that China’s engagement in Africa will result in radically different results from those of other countries because it does not encourage diversification, value-added industrialisation, or the redistribution of economic rents.³¹ China is thus sometimes viewed as a supplier of “rogue aid”, and its engagements in Africa as “...all trade, with no political baggage”.³²

An important component of this discourse centres on the issue of governance, and more specifically on China’s policy of non-interference in the internal affairs of African countries. In eschewing the language of donor-recipient that characterises the Western approach to Africa, China also dispenses with the issue of democratic governance, and emphasises economic progress over the process of development.³³ China’s ideological framework is considered to be fundamentally at odds with African goals of democratisation as expressed in initiatives such as the African Union (AU) or the New Partnership for Africa’s Development (NEPAD).³⁴ China’s principle of non-interference is viewed as constituting an important reason why it has been able to maintain diplomatic

²⁵ “Special Report”, *Financial Times*, January 28, 2008.

²⁶ Lee, “21st Century Scramble”, 303-330.

²⁷ Hess, Aidoo, and Saine, “Taming the Dragon”, 35-67, p. 57.

²⁸ Broadman, *Africa’s Silk Road*, pp. 11 - 12, 81.

²⁹ Broadman, *Africa’s Silk Road*.

³⁰ Alden, *Leveraging the Dragon*.

³¹ Mohan and Power, “Economic Geography of Development”, 24-28, p. 28.

³² Naim, “Rogue Aid”, and “China in Africa”, *New York Times*, August 8, 2004.

³³ Wang, “China’s Approach to Aid in Africa”.

³⁴ Taylor, “Sino-African Relations and Human Rights”, 63-87.

relations with countries such as Sudan, which have been marked by long periods of military rule.³⁵ Tull argues: “If Sudan provides any clue to the future, it seems inconceivable that Beijing, unencumbered by the humanitarian tragedy in Darfur, will compromise its interests for the sake of ‘minor’ (domestic) issues such as transparency”.³⁶ Collier posits that the Chinese influence will worsen the authoritarian tendencies of African leaders, for “they are none too sensitive when it comes to matters of governance”.³⁷ China’s US \$2 billion soft loan package to Angola in 2008, and Angola’s subsequent termination of negotiations with the International Monetary Fund (IMF), is often utilised as an example of how “...African governments will see no incentive to move towards democracy or reduce corruption, if they see Chinese investment as an easier and more effective option than Western aid”.³⁸

Others place some of the blame for the detrimental political impacts of China’s approach on the nature of the post-colonial African state itself. As Clapham notes: “one very important reason China’s involvement in Africa has been so widely welcomed and readily accommodated has been that it fits so neatly into the familiar patterns of rentier statehood and politics with which African rulers have been accustomed to maintaining themselves”.³⁹ According to Clapham, China’s engagement will not dramatically alter governance in Africa. Rather, China will adapt to the different forms of political organisation that occur in various African states. Taylor similarly argues: “problematically, it is because Beijing neither criticises the lack of democracy in Africa nor strives to advance intrusive projects associated with human rights that China is a collaborator favoured by many African leaders and their neo-patrimonial regimes. A key reason for this is that the type of governance strictures and values that underpin the liberal democratic project and are promoted by the West cannot be hurriedly implemented without undermining the basis upon which most African presidents and their followers base their rule”.⁴⁰ Elsewhere, he maintains “obviously, there is justifiable disquiet that Beijing’s Africa policies may undermine political and economic reform on the continent. Before critiquing China’s role in Africa vis-à-vis governance and human rights, analysts need to understand both China’s particular human rights discourse and the nature of most African states, for it is here that the real problem lies”.⁴¹

³⁵ Large, “From Non-interference to Constructive Engagement”, 275-294.

³⁶ Tull, “China in Africa”, 459-479, p. 474.

³⁷ Collier, *The Bottom Billion*, p. 86.

³⁸ Hilsum, “Re-enter the Dragon”, 419-425, p. 424.

³⁹ Clapham, *Fitting China In*, p. 3.

⁴⁰ Taylor, “Sino-African Relations and Human Rights”, 63-87, pp. 71-72.

⁴¹ Taylor, “Governance in Sino-African Relations”, 139-146, p. 139.

Yet concerns over China's political nonchalance in Africa are exaggerated, for several reasons. As noted by Woods, "the support for rogue states argument quickly slides sideways into a broader critique about the economic model being exported by emerging donors" in Africa, such as China.⁴² First, statements that China is a new actor in Africa are anachronistic considering the historical longevity of Sino-African relations. Many works, including both older and more recent publications, situate the new evolution in Sino-African affairs in a broad historical context. Snow traces the Sino-African relationship from the 4th century A.D., while Yuan as well as Shinn and Eisenmann demonstrate important areas of continuity within Sino-African links dating from the establishment of the People's Republic of China (PRC) in 1949.⁴³ Strauss and Saavedra further argue that although China advocated revolution in Africa in the 1960s, the essential ingredients of China's political rhetoric in Africa - non-interference and respect for state sovereignty and mutual cooperation - are the same today as they were when diplomatic relations were first established in the 1960s and 1970s.⁴⁴ While acknowledging important differences between China's approaches in Africa before and after roughly the 1990s, China's current engagements in African countries are best understood as the most recent manifestations of a Sino-African relationship that spans several decades, but which has hitherto gone largely unnoticed.⁴⁵

Second, many aspects of China's engagements are not fundamentally different from those of either the other new players on the continent, including Brazil, Russia, Iran, Thailand, the United Arab Emirates, and India, or those of its traditional economic partners in the West. As argued by Alden, the "first and most important point to make is that Chinese multinational corporations are, in many respects, like other state-owned multinational corporations operating in Africa".⁴⁶ Chinese and other economic actors in Africa "simply employ different ideologies and practices of governance to conceal their own ambitions and political discourses on the African continent".⁴⁷ China's engagements in Africa reveal a gap between the normative aspirations in Western development orthodoxy and the development impacts of private Western investments in Africa. Critiques of China's engagements in Africa tend to embody a normative assumption of inferiority vis-à-vis Western actors in Africa. As argued by Sautman and Yan,

⁴² Woods, "Whose Aid?", 1205-1221, p. 1208.

⁴³ Snow, *Star Raft*, Yuan, *China and Africa, 1956-2006*, and Shinn and Eisenman, *A Century of Engagement*.

⁴⁴ Strauss and Saavedra, *Emerging Patterns*.

⁴⁵ See Brautigam, *The Dragon's Gift*.

⁴⁶ Alden and Davies, "Chinese Multinationals in Africa", 83-96, p. 84.

⁴⁷ Tan-Mullins, Mohan, and Power, "Redefining Aid", 857-881, p. 857.

Chinese activities in Africa “do violate the human rights of Africans - not in ways that Western elites claim, but in much the same manner that Western policies do, through disadvantageous terms of trade, the exploitation of natural resources, oppressive labour regimes, and support for authoritarian rulers, all common features of the modern world system”.⁴⁸

This is especially true in the extractive industries, where Western companies have a questionable record of environmental and development impacts. Researchers have documented the US and France’s close political ties with notoriously corrupt leaders in countries such as Equatorial Guinea and Gabon.⁴⁹ Ferguson shows that Western capital “hops” over “l’Afrique inutile” (useless Africa) from enclave to enclave via “transnational networks that link dispersed spaces in a selective, point-to-point fashion”, meaning that much of the investments pouring into African states from Western countries do not exert any tangible impact on the lives of the majority of the local populations.⁵⁰ What Soares de Oliveira terms the “oil nexus”, which is a “mutually rewarding relationship between firms with the technical know-how, states with legal ownership of resources, and consumer states”, sustains the domestic political arrangements and international importance of the oil-exporting African state while neglecting the needs of the majority of its population. Since they are both a part of this nexus, in this respect Chinese corporations are not vastly different from Western companies.⁵¹ Corrupt politicians have always found ways to maintain their bases of power in their dealings with foreign actors, and they will inevitably seek to profit from the influx of Chinese capital and investments.

Third, China is sensitive to local politics when they affect its own investments or foreign policy goals. China does impose political conditionalities on African states when it comes to its Taiwan policy or the creation of voting blocs in multilateral organisations such as the United Nations (UN). When China’s emphasis on economic rights over civil liberties and political accountability threatens its own economic interests in African countries, it will interfere in local politics. China’s recent support for a peacekeeping force in Darfur, and its call on the government of Omar el Bashir to exercise flexibility in its dealings with the UN, demonstrate that it is clearly not immune to international opinion and pressure in relation to “rogue” African nations. China’s relationship with Zimbabwe also does not fully bear out the critique. China has responded

⁴⁸ Sautman and Yan, “The Forest for the Trees”, 9-21, p. 10.

⁴⁹ See Adebajo, “An Axis of Evil?”, 227-258, Ghazvinian, *Untapped*, and Watts, “Empire of Oil”, 1-17.

⁵⁰ Ferguson, “Seeing Like an Oil Company”, pp. 379 - 380.

⁵¹ Soares de Oliveira, *Oil and Politics*, p. 270.

quietly to concerns voiced by other African states, taken a tougher line with President Mugabe, met with opposition politicians, and recently turned around a Chinese shipment of arms to Zimbabwe.⁵² Taylor notes that “if whilst adhering to the principle of non-interference, Chinese activities actually make things worse for some in Africa, then Beijing’s argument that basic socio-economic rights are more important for the poor than abstract political rights is potentially problematic. This is because there is a danger that Beijing’s engagement in Africa might be exploited by autocrats on the continent for their own, well-understood, reasons. Doing no harm, rather than a studied disinterest, needs to be part of China’s overall African policy, something that Beijing is bound to recognise”.⁵³

Lastly, China does not reject the importance of effective governance for African development. It has assumed where necessary a more sequentialist position to democratisation and development in Africa. Sequentialists, who follow the basic arguments expounded by modernisation theorists in the 1960s, maintain that meaningful democratisation is only likely to occur in countries that have already attained an intermediate level of economic development.⁵⁴ Economic development, producing increased income, greater economic security, and widespread higher education, “largely determines the form of the social struggles that lead to democratic political bargaining by permitting those in the lower strata to develop longer time perspectives and more complex and gradualist views of politics”.⁵⁵ From this perspective, premature, out-of-sequence attempts to democratise may make subsequent efforts to democratise more difficult and more violent than they would otherwise be.⁵⁶ Importantly, China is careful to support African-led efforts to consolidate their democracies and strengthen their institutions for development through initiatives such as the NEPAD. However, while China supports NEPAD, it repeatedly stresses that it does so through the framework of the China-Africa Cooperation Forum (FOCAC), thereby avoiding the potentially awkward position of having to support the key structural elements that are ultimately necessary for NEPAD’s success: transparency, democracy, free press, civil society, independent judiciary, and rule of law.⁵⁷

⁵² Woods, “Whose Aid?”, 1205-1221.

⁵³ Taylor, “Sino-African Relations and Human Rights”, 63-87, p. 63.

⁵⁴ See Rostow, *The Stages of Economic Growth*. Other principal works from the modernisation perspective include Gershenkron, *Economic Backwardness*, Lipset, *Political Man*, and Huntington, *Political Order*.

⁵⁵ Lipset, *Political Man*, p. 6.

⁵⁶ Kaplan, *Balkan Ghosts*, and Mansfield and Snyder, “Democratic Transitions”, 297-337.

⁵⁷ Thompson, “China’s Soft Power in Africa”, 1-5.

China has been characterised as a “new partner in development”, especially within Africa itself.⁵⁸ China’s growing engagements in Africa are instigating a shift in the international system, where African governments are presented with novel choices for development partners.⁵⁹ This enables African leaders to engage with “alternative investors, aid donors, and trade partners, increasing their leverage in negotiations and reducing pressures to conform to the liberal agenda”.⁶⁰ Dietz, Havnevik, Kaag, and Oestigaard argue that since political or popular opposition to China in African countries is linked to a reinvigoration of economic nationalism and African challenges to neoliberal and Western development orthodoxy, the Chinese involvement on the African continent changes the context in which African states can exert their sovereignty.⁶¹ A defining feature of China’s approach is that it underlines the need to operate within existing political realities that condition local processes of development. China does not generalise about the “predatory” nature of African politics, nor does it attempt to impose its own model of political organisation.

This has important implications for the role of the state in Sino-African development relations. Instead of reducing the power of the state to drive economic policies, China’s growing engagement in Africa may “re-configure, re-spatialise, and potentially increase the economic and political power of certain states”.⁶² Naidu celebrates China as having a “fresh approach to development assistance, which eschews any interference in domestic affairs, emphasises partnership and solidarity among developing nations, and offers an alternative development model based on a more central role for the state”.⁶³ By prioritising state effectiveness, infrastructure, and private sector growth instead of an abstract notion of governance as essential to development, China is considered to be offering African governments “much more practical advice” than the World Bank or other Western development agencies have in the past.⁶⁴

Sino-African development relations are characterised by a strong bilateralism, which further emphasises the important role of the African state within this relationship. Dramatic increases in visits by top Chinese leaders to African nations form part of China’s “charm offensive” to develop working relations with African leaders “where they explain and market China’s new

⁵⁸ Naidu, “China in Africa”, 25-38, p. 32. See also Cheru and Obi, *The Rise of China and India in Africa*, and Moyo, *Winner Take All*.

⁵⁹ See Woods, “Whose Aid?”, 1205-1221.

⁶⁰ Jones, Soares de Oliveira, and Verhoeven, *Illiberal Statebuilders*, p. 19.

⁶¹ Dietz, Havnevik, Kaag, and Oestigaard, *African Engagements*.

⁶² Carmody, Hampwaye, and Sakala, “Chinese Geogovernance in Zambia”, 209-229, p. 209.

⁶³ Foster et al., *China’s Growing Role*.

⁶⁴ Sachs, “China’s Lessons for the World Bank”.

program of aid and economic cooperation”.⁶⁵ An emphasis on high-level diplomacy is also found within the FOCAC, which was launched in 2000 as a vehicle to project Chinese foreign policy objectives and development aid in Africa through commitments and pledges in consultation with African leaders. Chinese and African heads of state have met at FOCAC summits four times since the first such meeting was held in Beijing in 2000. Further summits were convened in Addis Ababa in 2003, in Beijing in 2006, in Sharm-el-Sheik in 2009, and again in Beijing in 2012. The summits focused on political affairs, regional peace and security, cooperation in international affairs, economic cooperation, development cooperation, and cultural and people-to-people exchanges and cooperation.⁶⁶ At the FOCAC meeting in 2012, Chinese president Hu Jintao pledged a new US \$20 billion in credit for African countries over the next three years, emphasising that the loans would support transport infrastructure, agriculture, and the development of private sector small business.⁶⁷

The development of public infrastructures has been a key feature of China’s engagement in Africa for over six decades. As explained by Brautigam, China has had a strong history of agriculture, health, and project-based development partnerships in Africa since the 1950s.⁶⁸ Between 1956 and 2005, China provided US \$44 billion in low- or no-interest loans to African states for 900 infrastructure projects.⁶⁹ China is building roads, hospitals, schools, telecommunication grids, fibre-optic cable lines, and hydroelectric power facilities throughout Africa. Project-based infrastructure investments are generally viewed as constructive, especially where these serve to increase the well-being of the population or where they foster economic exchanges.⁷⁰ It is “on a scale large enough to make an important material contribution to meeting Africa’s vast infrastructure needs” and “offers an important development opportunity for the region”.⁷¹ As Ikpe shows, the process of structural transformation from an agricultural-based economy to an industrial one in sub-Saharan Africa depends to

⁶⁵ Kurlantzick, *Charm Offensive*, and Brautigam, “Flying Geese or Hidden Dragon?”, 51-69, p. 83.

⁶⁶ While FOCAC is an interactive body that regularly meets to negotiate Chinese aid and development commitments to African countries, the African Policy Paper (Policy Paper), published in 2006, describes China’s Africa strategy in more definite terms and highlights the long-term approach of China’s engagement. The Policy Paper identifies four priority areas of Sino-Africa bilateral cooperation: diplomacy, economics, human resource development, and peace and security. See Government of China, African Policy Paper, 2006.

⁶⁷ “China Pledges \$20 Bn in Credit”, *BBC News*, July 19, 2012.

⁶⁸ Brautigam, *The Dragon’s Gift*.

⁶⁹ “China Looks to Africa”, *Associated Press*, June 18, 2006.

⁷⁰ Moyo, *Winner Take All*, and Foster et al., *China’s Growing Role*.

⁷¹ Foster et al., *China’s Growing Role*, p. iix.

a large extent on its ability to create the necessary infrastructural foundations on which to implement industrial policies.⁷²

Although infrastructure development also features prominently among Western development institutions, the financing made available by China is unprecedented in size and in its commitment to large-scale projects. China is particularly successful at implementing these projects due to its cost competitiveness, access to cheap capital through Chinese state-owned banks, the availability of skilled low cost labour from China, cheap building materials through supply chains from China, and political support from the Chinese government channelled through the Chinese embassies in the respective African countries.⁷³ The political support Chinese firms and investors receive from their government is crucial in determining the long-term viability of China's engagement on processes of development in Africa. By virtue of being a one-party state, China's government is able to formulate and operationalise long-term economic strategies more effectively than Western companies or development institutions.⁷⁴

The most recent manifestation of China's approach to infrastructure development has been the establishment of Chinese-built Special Economic Zones (SEZs), including principally Export-Processing Zones (EPZs) in Africa, reflecting the "internationalisation of the developmental state" by China.⁷⁵ At the FOCAC meeting in 2006, China approved the construction of eight official SEZs in Africa.⁷⁶ SEZs and EPZs are not new in Africa, but with the exception of a few countries, including Madagascar, their levels of success have been relatively disappointing. Local government participation in these ventures has been low, and they have been unable to deliver the soft and hard infrastructure necessary to ensure that the advantages of the SEZs spill over to the local business sector and surrounding communities.⁷⁷ In theory, however, SEZs can benefit the local government through tax revenue, significant investment inflows, industrialisation and increased competitiveness, the business community through the creation of new business opportunities, economic spill-overs, improved infrastructure, and technology transfers, and the local communities through job creation and capacity building.⁷⁸ They allow African states to improve their infrastructure, inadequate

⁷² Ikpe, "The Relevance of the Developmental State Paradigm".

⁷³ Corkin and Burke, "China's Interests and Activities".

⁷⁴ Dent, China-Africa Development Relations.

⁷⁵ Brautigam and Xiaoyang, "Economic Statecraft", 799-816, p. 816.

⁷⁶ Including two in Zambia, two in Nigeria, and one each in Mauritius, Algeria, Ethiopia, and Egypt, with the latter one already operational.

⁷⁷ Alves, Chinese Economic Trade and Cooperating Zones, p. 3.

⁷⁸ Alves, Chinese Economic Trade and Cooperating Zones, p. 2.

services, and weak institutions by focusing efforts on a limited geographical area in order to promote labour-intensive manufacturing. The increased Chinese presence in Africa might thus play a positive role by providing a model for “low-tech industrial development, stimulating the spin-off of manufacturing, or acting to jump start local investment”.⁷⁹ China’s success with SEZs to promote growth at home, the high-profile nature of the initiatives (they were announced at the FOCAC forum in 2006) and corresponding economic and political imperatives of establishing successful African SEZs, and the profit-making incentives of Chinese firms have been cited as reasons why Chinese SEZ projects in Africa may succeed where others have failed.⁸⁰

The influx of temporary Chinese migrant traders, an often-overlooked component of China’s presence in Africa, is increasingly viewed as complementing infrastructure developments to promote economic exchanges in Africa. Mistry maintains that to connect Africa to the global economy in productive ways will require “the installation and embedding in Africa of human, social, and institutional capital from abroad...particularly from the developing world, especially China. In short, it will require large-scale immigration of a kind that diversifies, widens, deepens and augments Africa’s limited human resource base”.⁸¹ When local African entrepreneurs learn valuable skills from their Chinese counterparts and utilise newly formed Chinese business networks to harness their own entrepreneurialism, it can lead to the development of local private sector growth. As Friedman maintains, “contrary to conventional wisdom, China is already exporting entrepreneurial talent to Africa and dynamising the African economy through East Asian practices...with so many huge wealth opportunities suddenly available, and so much more in the offering, however much is wasted or is serving only elites, the extraordinary wealth and dynamism of the Chinese-initiated entrepreneurial frenzy should most likely transform large sectors of Africa”.⁸² Yet, as described by Dobler, without the “implementation of a political framework that channels Chinese investment into sectors where it could really benefit the country’s economy, small-scale Chinese businesses in Africa are unlikely to have a positive impact on the country’s developmental prospects as a whole”.⁸³ The host government thus also plays an important role in facilitating the ability of local entrepreneurs to meet the challenges and opportunities presented to them by the new presence of Chinese actors in their countries. Ultimately, the development impacts arising from the growth of Chinese companies and private

⁷⁹ Brautigam, “Flying Geese or Hidden Dragon?”, 51-69, p. 52.

⁸⁰ Brautigam, Farole, and Xiaoyang, “African Special Economic Zones”, 1-6, p. 3.

⁸¹ Mistry, “Sub-Saharan Africa’s Development Deficit”, 665-678, p. 669.

⁸² Friedman, “How Economic Superpower China could Transform Africa”, 1-20, p. 16.

⁸³ Dobler, “Oshikango”, 115-131, p. 254.

entrepreneurs in Africa will depend on both the formulation of African expectations in terms of what they hope to gain from the Chinese engagements, and on the implementation of appropriate methods to achieve them.⁸⁴

A number of policy recommendations for African government to manage China's growing engagements have been suggested at both the local and regional levels. Locally, Morrissey and Zgovu argue that the ability of domestic producers to compete with Chinese aid, trade, and investment relationships in sub-Saharan Africa, especially in the agricultural and industrial sectors, should be the focus of concerted government policy.⁸⁵ Alden insists that China's emphasis on resource extraction and the accompanying needs of Chinese industry ought to be recognised as an opportunity for African governments to arrange for favourable terms on a range of issues. He further maintains that it should be standard practice for African states to demand that foreign investors, including China, link together a package of investment projects that meet local development goals.⁸⁶ African leaders can also formulate a concerted response to Chinese activities in their countries at the regional or continental levels. Munyi proposes concrete supranational policy action plans embodied in standardised frameworks within the AU or the African Development Bank (ADB), rather than having China deal exclusively with African countries bilaterally or as just a conglomeration of countries with parallel visions. An African "China policy", he maintains, would "give each African country a veritable platform to claim for nationally desired outcomes as well as to concede to the continental aggregated objectives".⁸⁷

At the current stage of research, a coherent analysis of how Sino-African relations are changing the contexts of development in African countries depends on a disaggregation of both "China" and "Africa". Moreover, acknowledging that China's approach may offer useful lessons for other development partners allows for the adoption of new theoretical perspectives with which to analyse the engagement. Thinking "outside the box" furthers the process of determining which aspects of China's engagement will prove beneficial to Africans and should be fostered, and which have the opposite effects and need to be better regulated. The most productive way of approaching this endeavour is through case studies. As argued by Large, it is necessary to "go beyond the framework of a monolithic Chinese dragon in an unvariegated African bush and consider the different levels and dynamics of the emerging Chinese relations with 48 sub-Saharan African

⁸⁴ Mbaye, "Matching China's Activities with Africa's Needs", 39-54.

⁸⁵ Morrissey and Zgovu, *The Impact of China and India on sub-Saharan Africa*.

⁸⁶ Alden, *Leveraging the Dragon*.

⁸⁷ Munyi, *Embracing the Dragon*, p. 11.

states”.⁸⁸ Over the past few years, a growing number of detailed empirical case studies that offer new insights into the China-Africa relationship have emerged.⁸⁹ However, “few make a new conceptual or theoretical contribution to the subject”.⁹⁰ By focusing on the role of the African state in managing China’s engagements, I seek to help minimise this gap in the literature. Furthermore, by utilising Madagascar as a case study, I am enlarging the empirical literature on China’s presence in Africa.

The literature on China and Madagascar

The Sino-Madagascar relationship has received little scholarly or public attention compared with China’s involvements in many other African countries, belying its scale, depth, and pertinence. Madagascar’s unique geographical location, the arguably related and relative lack of Western geopolitical or strategic interest (with the exception of France) in economic or political processes on the island, and the fact that Chinese trade with Africa is concentrated in eight of its most resource-rich states helps account for this.⁹¹ Those studies that do mention Madagascar tend to include the country in lists of Chinese migrant populations on the continent. Of these, many source their figures from a database of Chinese migration to African countries published by Ohio University in 2001, which estimated that 30,000 Chinese were living in Madagascar at that time.⁹² Guerrero and Manji, as well as Park, refer to this database in their compilations of the number of Chinese in select African countries, including Madagascar.⁹³ Park, however, does not reference Madagascar at all in the following statement: “By far the largest number of Chinese can be found in South Africa, followed by Nigeria. Sudan, Angola, Algeria, and Mauritius are the only other countries with well over

⁸⁸ Large, “Beyond Dragon in the Bush”, 45-61, p. 46.

⁸⁹ See Kohnert, “Chinese and Nigerian Cultures of Innovation”, 1-31, Dobler, “Oshikango”, 115-131, Corkin, *Uncovering Agency*, Haugen and Carling, “Baihuo Business”, 639-662, Kamau, “Kenya’s Clothing Industry”, 10-127, and Ribeiro, “Disappearing Forests, Disappearing Hope”, 155-162.

⁹⁰ Dent, *China-Africa Development Relations*, p. 165.

⁹¹ These include Angola, Congo, Equatorial Guinea, Nigeria, Sudan, the Democratic Republic of Congo, Zambia, and South Africa. The first five are oil-producing states that provide 85% of Africa’s exports to China. See Brautigam, *The Dragon’s Gift*.

⁹² These include Mohan and Tan-Mullins, “Chinese Migrants in Africa”, 588-605, Guerrero and Manji, *China’s New Role in Africa and the South*, and Sautman and Yan, “Friends and Interests”, 75-114.

⁹³ Guerrero and Manji, *China’s New Role in Africa and the South*, and Park, *Chinese Migration in Africa*.

10,000 Chinese”.⁹⁴ In their estimates of Chinese populations in several African countries, Sautman and Yan also omit the case of Madagascar.⁹⁵

The literature that does concentrate on the Chinese presence in Madagascar is generally based in the fields of anthropology, history, or geography, and the majority of it is out-dated. Relevant studies usually focus either on the old Chinese community on the island or on relations between the old and new Chinese. There are several French-language ethnographic and anthropological investigations of the old Chinese community in Madagascar, but they are difficult to locate, and the majority of them were published in the 1960s and 1970s.⁹⁶ English-language publications on the topic include a Ph.D. dissertation on Chinese migration to California and Madagascar from 1987 and a translated edition of Slawecki’s 1971 study of French policy towards the Chinese in Madagascar.⁹⁷ More recent scholarship explores the links between the old and new Chinese in Madagascar. A Master’s thesis by a student from the University of Antananarivo provides a very interesting account of the old Chinese community in Toamasina, and Raveloarimanana analyses the old Sino-Malagasy community’s current levels of social integration with the Malagasy and the new Chinese.⁹⁸ Finally, Fournet-Guérin traces the growing presence of new Chinese entrepreneurial migrants in Antananarivo in 2006 and 2007.⁹⁹

Veeck and Diop published an article in 2012 that situates the relationship between the old and new Chinese migrants in Madagascar within the broader backdrop of Sino-African relations. The paper provides an overview of local Malagasy perceptions concerning the new Chinese and vice versa. However, its choice of methodology and its small pool of interviewees limit its wider relevance. The article also does not go into detail on Chinese trade, FDI, or political relations with Madagascar, and in general the piece is more descriptive than analytical. The authors base their findings on informal interviews with six Chinese shopkeepers and a summary of blog comments and press articles in four

⁹⁴ Park, *Chinese Migration in Africa*, p. 3.

⁹⁵ Sautman and Yan, “Friends and Interests”, 75-114.

⁹⁶ Much of the literature on the old Chinese community in Madagascar is not available electronically and was sourced from the National Library of France located in Paris. See Bardonnet, “Les Minorités Asiatiques”, 127-224, Donque, “Les Minorités Chinoises et Indienne”, 85-103, Le Bourdieu, “L’Implantation des Minorités Etrangères”, 37-68, Tsien, “La Vie Sociale”, 170-181, and Slawecki, “L’Origine et la Croissance de la Communauté Chinoise”, 484-494, and *French Policy Towards the Chinese*.

⁹⁷ Andriamanana, “Chinese Immigration to California and Madagascar”, and Slawecki, “L’Origine et la Croissance de la Communauté Chinoise”, 484-494.

⁹⁸ Andrianaivoson, “La Communauté Chinoise”, and Raveloarimanana, “Les Métis Sino-Malgaches”, 159-176.

⁹⁹ Fournet-Guérin, *Vivre à Tananarive* and “La Nouvelle Immigration Chinoise”, 45-57.

leading online Malagasy newspapers. The authors note that the new Chinese expressed very polite inclinations towards the Malagasy in interviews and that only the blogs reflected anger with them, which I did not find to be the case in my research. Additionally, the study does not address the ways in which local perceptions influence Sino-Malagasy economic relations at the various levels of society. The article asserts that “the Malagasy government should appreciate the complexity of the current situation and work to diffuse anti-Chinese sentiments, rather than rely on anti-foreign sentiment to divert attention away from government failings”, but it does not further substantiate this finding or its important implications.¹⁰⁰

The second largest thematic category within Sino-Malagasy scholarship centres on the environment. The director of the Extractive Industries Transparency Initiative (EITI) in Madagascar wrote an article on China’s interests in Madagascar’s extractive industries in 2010 that remains the most authoritative study on this particular aspect of China’s engagements in Madagascar, but it is constrained by Sino-pessimism and more generally by an unbalanced analysis.¹⁰¹ Rio Tinto/QIT Madagascar Minerals (QMM) and Sherritt International Corporation (Sherritt), the two biggest Western mining investors in Madagascar, exhibit severe shortcomings in their environmental and social responsibilities, but the author does not mention these at all. He overwhelmingly concentrates on the detrimental social and environmental practices of Chinese firms and on their disregard for Malagasy mining regulations and contractual requirements. A briefing note by the World Wildlife Fund (WWF) similarly argues that the lack of a clear environmental policy from both the Malagasy and Chinese authorities exacerbates the negative effects that Chinese investments are exerting on the environment. The briefing note provides an overview of several related issues, including Chinese investments in the extractive industries, the trafficking of wild animals, and the illegal logging and smuggling of precious woods.¹⁰²

Several reports point to the existence of dubious business links between Chinese traffickers and public officials from both the local and national Malagasy government in the exploitation of Madagascar’s natural resources. A study by the environmental Non-Governmental Organisations (NGOs) Global Witness and the Environmental Investigation Agency implicates elements of the Malagasy political establishment in the illegal rosewood trade.¹⁰³ In what is quite an

¹⁰⁰ Veeck and Diop, “Chinese Engagement in Africa”, 400-418, p. 416.

¹⁰¹ Tahiny, *Les Investissements de la Chine*.

¹⁰² World Wildlife Fund, *Briefing Note: Madagascar*.

¹⁰³ Global Witness and the Environmental Investigation Agency, “The Global Trade of Malagasy Precious Woods”.

exhaustive study, Randriamalala and Liu list the names of Chinese firms allegedly involved in the logging and trafficking of rosewood, and describe their business relations with specific local Malagasy authorities in detail.¹⁰⁴ A brief article in the *Africa Research Bulletin* argues that Madagascar's natural resources are exchanged for infrastructure deals with the HAT. A piece in *Africa-Asia Confidential* discusses the opaque relationship between the CIF and the HAT.¹⁰⁵ The *Indian Ocean Newsletter* also regularly comments on the extent of Chinese investments in Madagascar's mining industry and the role of Chinese financial assistance in prolonging the power of the HAT and Madagascar's economic stagnation.¹⁰⁶

While China's activities in the extractive industries and its environmental impacts have garnered the most criticism from foreign commentators, voices within Madagascar's private sector and media outlets tend to highlight the detrimental economic impacts that an uneven trade relationship is exerting on the local industry. Existing overviews of the Sino-Malagasy economic relationship reveal that Sino-Malagasy trade and investments have been increasing significantly since 2006.¹⁰⁷ A Sino-Malagasy trade imbalance, where China imports raw materials from Madagascar and Madagascar imports manufactured items from China, has led to proliferation of negative reports in the local media. Chinese merchants and products have been characterised as "flooding" the Malagasy market and aggressively pushing away local competition, which is viewed as leaving Malagasy consumers little choice in their purchases.¹⁰⁸ Yet, less sensationalist analysis concedes that there are also some positive aspects arising from the influx of Chinese consumer goods in Madagascar.

It is increasingly accepted that Chinese traders are providing Malagasy consumers with a new range of affordable and useful products in both urban and rural areas. The introduction of Chinese electronics such as televisions and radios were touted as having democratised sound and the dissemination of information in Madagascar.¹⁰⁹ Mobile phones and the introduction of affordable bicycles and

¹⁰⁴ Randriamalala and Liu, "Rosewood of Madagascar", 11-22.

¹⁰⁵ "Madagascar: Turning to the East", *Africa Research Bulletin*, 2010, November 16 - December 15, and "Election Funds?", *Africa-Asia Confidential*, 2011, 4, no. 4.

¹⁰⁶ "The Chinese are Investing in Mines", *Indian Ocean Newsletter*, 2010, volume 1284 and "Madagascar: TGVs Overzealous Fundraisers", *Indian Ocean Newsletter*, 2012, volume 1331.

¹⁰⁷ These include Ramahatafandry, "Commerce et Investissements", Mosca, "Opportunità di Sviluppo", 111-154, Ramiandrisoa, Razafindravonona, and Rafalimanana, "Relations Commerciales", and Razafindravonona, Rakatomanana, and Rajaobelina, "Impact of Investment Relations".

¹⁰⁸ "Cooperation: La Chine Premier Partenaire de Madagascar en Importation", *Midi Madagasikara*, September 12, 2012.

¹⁰⁹ "Immeuble Bao Lai à Analakely", *La Gazette de la Grande Île*, December 7, 2012.

vehicles have facilitated access to these modes of communication and transport for the poor and middle-income Malagasy, which has the potential to increase local productivity.¹¹⁰ The influx of Chinese goods is also increasingly viewed as creating employment opportunities for the Malagasy. In 2010, the Malagasy press reported “if the Chinese were to move their business to another country or return home as a result of the economic and political insecurities in the country, unemployment numbers could swell”.¹¹¹ Asking what Madagascar can gain from the Sino-Malagasy relationship, Ramiandrisoa, Razafindravonona, and Rafalimanana conclude that while the trade imbalance between China and Madagascar clearly favours China, Madagascar’s exports to China have increased nonetheless. Taking Chinese investments and employment creation in Madagascar into account, they perceive the Sino-Malagasy relationship as mutually beneficial.¹¹²

The importance of the domestic political context in determining the development impacts of China’s engagements in Madagascar, which is a central theme of this dissertation, has only been vaguely alluded to in the literature on China in Madagascar. In his article on China’s responses to five political coups in Africa, Holslag approaches the Sino-Malagasy relationship from the perspective of China instead of from the Malagasy state and argues that China has not greatly altered its policies towards the island since the 2009 coup d’état. His analysis reduces the capacity of the Malagasy state to formulate a policy towards China by characterising it as inherently unstable.¹¹³ Holslag points to the range of commercial agreements that have continued to be concluded between China and Madagascar, and China’s reluctance to formally condemn the 2009 coup, to support his claim that China’s policy of non-interference is helping the HAT stay in power. However, he overlooks the importance of China not having officially recognised the transitional government either and the fact that Chinese diplomats do not have overt relations with high-level Malagasy cabinet members and ministers. While Sino-Malagasy relations have continued relatively unfettered at the economic level, evidence suggests that China has adjusted its political engagement of Madagascar. Holslag’s analysis would also have been enhanced by an evaluation of how the advent of the crisis has altered not just China’s policy towards Madagascar, but Madagascar’s approach towards China.

¹¹⁰ Fournet-Guerin, “La Nouvelle Immigration Chinoise”, 45-57.

¹¹¹ “Les Chinois Veulent fermer Boutique”, *L’Express de Madagascar*, March 3, 2009.

¹¹² Ramiandrisoa, Razafindravonona, and Rafalimanana, “Relations Commerciales”.

¹¹³ Holslag, “China and the Coups”, 367-386.

Two other works address the Sino-Malagasy politics of development. The first is a study by Pellerin published in early 2011.¹¹⁴ Pellerin demonstrates detailed knowledge of many of the main actors and key personal relationships in Malagasy society and politics, but his discussion lacks quantitative data and does not sufficiently contextualise the Sino-Malagasy relationship. Simply put, Pellerin attempts too much in too short an article. He traces the history of the Chinese community in Madagascar and analyses the links and relationships between the old and the new Chinese. He then discusses bilateral relations between the two countries and the nature of relations between China and the HAT since 2009. He rightly argues that the presence of Chinese economic actors in Madagascar also represents opportunities for Malagasy businessmen through the introduction of new business links and the launch of the Air Madagascar flight to Guangzhou. Unfortunately, he does not further discuss the implications of this key finding, but focuses on the fact that China in Madagascar is not a monolithic actor. This is correct and in constant need of reiteration, but merely stating it tells us little about what this means for Madagascar's development prospects.

The second is an unpublished report commissioned by the United Nations Development Programme (UNDP) and United Nations Children's Fund (UNICEF) in Madagascar in late 2011.¹¹⁵ This study provides a good overview of China's economic presence in the country, but displays a limited understanding of the Malagasy political landscape and social setting of the Chinese engagement, and uncritically documents the Chinese presence in Madagascar. China's engagement is viewed as contributing to the economic disempowerment of the poor in Madagascar, which according to the analysis causes the recurrent uprisings against successive regimes. This circumvents the related issue of political disempowerment and the fact that rival political factions within the Malagasy elite have largely created the social uprisings that ended successive regimes themselves. The report also states that the bulk of China's investments in Madagascar are state directed in value terms, but it not does clarify which values it is addressing. The majority of Chinese investments in Madagascar have not been state-directed when one considers that the contribution of independent and small-scale entrepreneurs and network links may be equally as valuable (or perhaps even more valuable) as hard cash inflows. The study also highlights the

¹¹⁴ Pellerin, *Le Nouvel Eessor*. UNDP and UNICEF hired Frontier Advisory, a South African advisory firm specialising in Asian-African business relationships, to conduct the study, who in turn then hired me to assist them with logistics, translations, interviews, contacts, and background research during their three weeks of fieldwork in Antananarivo in August 2011. I did not assist with the write-up of the report.

¹¹⁵ United Nations, "Understanding the Magnitude".

illegal export of rosewood but does not reference the roles of non-Chinese actors in this process, nor does it mention the fact that Chinese merchants are also smuggling sea cucumbers, shark fins, or endangered turtles. The report further states that China is attempting to rectify the trade imbalance with Madagascar through a zero-tariff Preferential Trade Agreement (Trade Agreement) negotiated in 2005, which allows Madagascar to export around 5,000 duty-free goods to China. However, close to 90% of eligible Malagasy goods are primary, unmanufactured products, and the increased exportation of these items does not necessarily contribute to the growth of local value-added manufacturing. Nonetheless, the report is welcomed as it engages with a topic that has not adequately been addressed and because it lists hitherto undocumented information concerning Chinese development aid, bilateral trade, and investments in Madagascar.

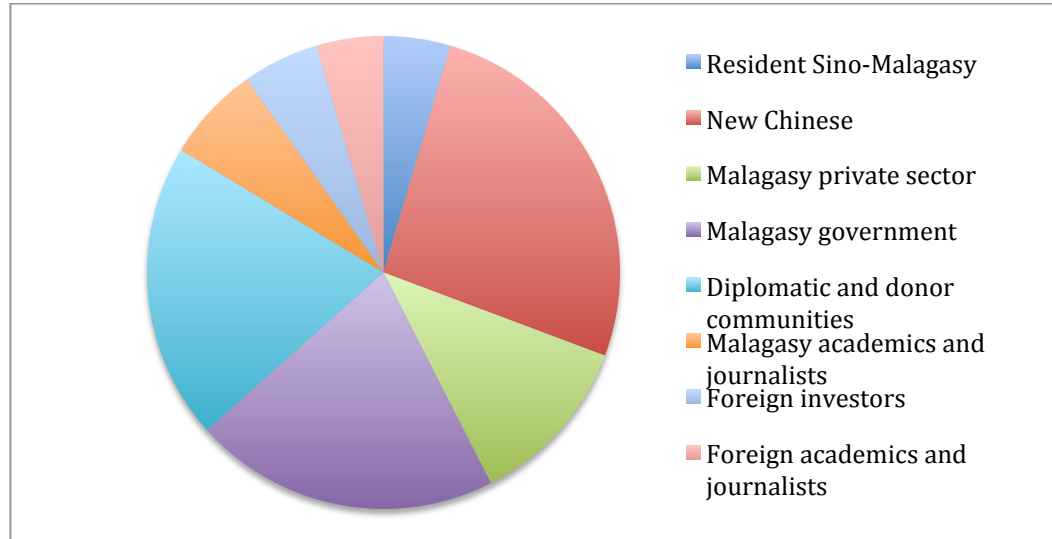
In sum, apart from some anthropological work on the relations between the old and new Chinese, in-depth research on the more recent Chinese engagements in Madagascar is scarce, especially within English-speaking academia. Most research on the subject is limited by a focus on one aspect of China's engagement, or considering the contemporary and fluid nature of the subject, the passage of time. Research on Madagascar's economic relationship with China has thus far been more investigatory than analytical. Pellerin's paper, the UN piece, and the article by Veeck and Diop are more encompassing, topical, and intrinsically valuable to the study of China in Madagascar, but their respective gaps in knowledge underscore the relevance of this study. None of the literature adequately discusses the role of the Malagasy state in influencing China's development impacts in the country.

Research methodology

The empirical information presented in this dissertation is based on several periods of fieldwork conducted in Antananarivo between September 2010 and July 2012. The bulk of the information acquired during fieldwork is qualitative and was derived from formal and informal interviews with 153 individuals. All Chinese interviewees spoke French or English, apart from the small-scale private Chinese entrepreneurs, who were questioned with a Mandarin translator. The majority of interviewees, 40 in total, consisted of the new Chinese in Madagascar, comprising embassy officials, representatives from Chinese SOEs, and small-scale traders. I also interviewed 32 members of the current Malagasy government, including key ministers, 18 operators and consumers from the Malagasy private

sector, and 31 individuals from the international diplomatic and development communities in the country. In addition, I questioned 10 Malagasy academics and journalists, eight foreign investors in Madagascar, seven Western academics and journalists, and seven prominent individuals from the old Sino-Malagasy community. Figure 1 provides an overview of the different categories of individuals interrogated for this research.

Figure 1: Categories of individuals interviewed for this thesis.



Other research methods included numerous informal discussions, participant observation of key events, and where available, the collection of statistics and data from the Malagasy government, NGOs, the UN, and International Financial Institutions (IFIs) including the World Bank and the IMF. The majority of quantitative economic figures concerning the new Chinese engagement in the country were acquired from the Malagasy National Institute of Statistics (INSTAT). Data was also principally gathered from the Malagasy Ministry of Commerce, the Malagasy Ministry of Foreign Affairs, and the Malagasy Permanent Technical Secretariat for Aid Coordination. Analysing the overwhelmingly qualitative information required the synthesis of a wide range of multiple sources and insights. I began with a large set of disparate information and progressively narrowed it down into smaller sets of thematic groups. After having organised the data, I identified patterns in the subject matter, from which I could then derive key findings and formulate conclusions.

Having spent part of my childhood in Madagascar, I was quickly able to reconnect with old friends upon my arrival and lived with a Malagasy family in Antananarivo. I was already acquainted with some of the social and political

intricacies of the country and familiar with Malagasy customs, cultural habits and etiquettes, which facilitated interaction with Malagasy nationals. These factors afforded me access to a wide range of Malagasy society, including local consumers and private sector actors. It also facilitated contact with members of the current government and allowed me to interview key ministers and officials from the HAT. My background, the small size of the expatriate community, and the lull in diplomatic activity due to the current political crisis concurrently eased my entry into the diplomatic and development community. The knowledge gathered during fieldwork is thus based on a triangulation of information from different formal and informal sources, participant observation of important events, and insights acquired through personal experience as well as existing and newly formed relationships. Many of the findings in this study are supplemented by anecdotes from which I have documented and quoted interviewees to provide a sense of local experiences.

Organisation of the dissertation

This dissertation is organised into seven chapters. In chapter two I discuss Madagascar's economic and development history, and analyse the structural and social characteristics of the Malagasy state since independence from France in 1960 until today. Madagascar's political past is characterised by the long reign of former President Didier Ratsiraka and a difficult and ongoing transition to democracy in the early-1990s. Madagascar's first president, Philibert Tsiranana, maintained the basic structures that the state had inherited from its colonial rulers, which kept local Malagasy businesses out of industry and disenfranchised large sections of the population. Tsiranana was overthrown in 1972, after which the country was briefly ruled by the military. President Ratsiraka, a former general, assumed power in 1975 and presided over the country as a socialist and increasingly autocratic dictator until the advent of multiparty democracy in 1993. Madagascar's first democratic president, Albert Zafy, was elected in 1993 and impeached in 1996, which led to Ratsiraka's return to the presidency in 1996. Marc Ravalomanana then became president in 2002 after a disputed election resulted in a six-month long standoff with Ratsiraka that brought the country to the brink of civil war. In 2009, Ravalomanana was unconstitutionally ejected from power in what has been internationally condemned as a coup d'état by Rajoelina. Since then, Madagascar continues to be embroiled in a political crisis, with negative consequences for the population.

In this chapter, I show that strategies of development in Madagascar must account for a type of power that is based on impersonal formal institutions that are deeply embedded in ethnic and class-based political networks. Though not overtly ethnic, Malagasy politics is dominated by a small group of historically influential Malagasy families who retain close ties to the French and new business elites. With the exception of a few coastal leaders, these families hail from the central highlands around Antananarivo and are predominantly of Merina ethnicity. During his years in power, Ratsiraka had constructed a network of alliances that continues to shape elite bargaining among the Malagasy today. The persistence of the old Franco-Malagasy network helps explain why neither the state-led development projects of the post-colonial era, nor the attempts at neoliberal reform in the post-1993 transition to democracy have succeeded in engendering long-term growth or poverty reduction in Madagascar. All four of Madagascar's democratic presidents have manipulated their position for personal gain through the legitimising tool of a national referendum, the punishment of their predecessors, and the domination of their political parties. Since the elite bargaining process continues to take precedence over wider social or economic considerations, none of the post-1993 leadership transitions have occurred through the peaceful election of a new president. Inevitably, civil society and the majority of the population are marginalised from processes of development in the country.

In chapter three, I emphasise the importance of local politics for development by investigating Madagascar's politics of development under Ravalomanana between 2002 and 2008 more closely. In particular, drawing on the notion of the developmental state, I explore to what extent the Malagasy government under the leadership of Ravalomanana could be considered developmental. I discuss the concept of the developmental state and its contested applicability to Africa. I argue that when adapted to the modern African context, a flexible interpretation of the developmental state concept is relevant to help explore the tensions between state, society, and development in Africa. I consequentially explore the two most successful instances of African developmental states – Botswana and Mauritius. I then explore the characteristics of Ravalomanana's government and his governance style within this framework.

I maintain that Ravalomanana's government broadly displayed characteristics commonly associated with a developmental state, such as a vision for long-term growth, the articulation of a development plan, an emphasis on infrastructural growth, education, and the attraction of foreign investment, a mechanisms to centralise rents, and the attainment of economic growth. After Ravalomanana became president, he embarked on an ambitious economic plan

informed by the experiences of the East Asian developmental states and an admiration for China's rapid rates of industrialisation. By the time he was ousted from power, substantial inroads had been made towards fixing several of Madagascar's most pressing economic problems. However, Ravalomanana's overthrow in 2009 suggests that there was no unified and agreed development agenda amongst the Malagasy elite and that Ravalomanana prioritised his private interest over the national one, and as a result that during this time there was no developmental state in Madagascar *per se*.

Ravalomanana's network and leadership style was incongruous with that of the traditional Malagasy elite, which allowed him to break free of the previously unconstructive neopatrimonial networks that had constricted Madagascar's development prospects, but which ultimately led to his downfall. Although he was an ethnic Merina from the highlands, Ravalomanana was born into a family of modest means and was not a member of one of the influential families. He embraced capitalism from an early age, studied abroad, and created his own wealth by becoming the largest producer and distributor of dairy products in Madagascar. His political power was based more on popular legitimacy than on an elite consensus, which meant that he was under significant pressure to build his own political support network. In the process, he conflated his personal business with that of the government to such an extent that the boundaries between state and society needed for a lasting developmental state became unclear.

In chapter four, I turn to the Sino-Malagasy relationship at the state level and discuss China's diplomatic and economic relations with Madagascar. I explore the relationship from a historical perspective, beginning with the establishment of diplomatic ties in 1972, and discuss development cooperation under each of Madagascar's presidents. In the 1970s, China began sending medical missions to Madagascar as part of an Africa-wide initiative. In the 1980s and 1990s, China constructed a highway connecting Antananarivo to Toamasina and built a sports stadium in Antananarivo. Since 2002, the Sino-Malagasy relationship has become closer and more multidimensional. China's engagements in Madagascar influenced both Ravalomanana's vision for development and its implementation, but China has had to adapt its approach in Madagascar to the political crisis on the island. I then debate the difficulty of determining Chinese development aid to Madagascar, provide an overview of Chinese aid projects since 1992, and discuss China's hybrid rice initiative in Madagascar. Next, I review trade and investment figures and show that Malagasy exports to China consist overwhelmingly of raw materials and metals, while Madagascar imports manufactured products.

Addressing the negative images of Chinese construction projects in Africa, I also analyse the operations of Chinese SOEs in Madagascar and demonstrate that multilateral development organisations are increasingly accepting China's role as a provider of vital infrastructures. I show that many Chinese SOEs in Madagascar are hired by development finance agencies such as the World Bank, the ADB, the European Investment Bank (EIB), or the Arab Development Bank (BADA) to construct their projects. This also points to two other, similarly important ideas. It suggests that there exist areas for enhanced collaboration between Western donors and Chinese multinationals and SOEs who are ready and able to venture into new markets such as Africa. Through these types of collaborations, Chinese and Western agencies can work together and learn from each other. Second, and in relation to the first point, engaging Chinese SOEs and treating them as equal development partners gives Western development practitioners potential leeway to ensure that construction projects built by Chinese firms conform to international environmental, safety, or other standards.

Chapter five moves from state-to-state relations to those between the Chinese migrants and Madagascar's private sector. Since the 1990s, Madagascar has accommodated an accelerating influx of migrants from China that will affect local Malagasy society and producers in important ways. I begin with a theoretical discussion of how Chinese business networks impact their host countries and then describe the growth of Madagascar's resident Chinese community. A historical consideration of the Sino-Malagasy relationship enriches this thesis for three reasons. The existence of an old Chinese community in Madagascar differentiates this case study from other instances of Chinese activities in African countries, it clarifies the primary subject of this study (the more recent Chinese engagement), and the fact that historically high levels of social and economic integration between the old Chinese community and the Malagasy has facilitated the entry of the new Chinese.

I then discuss the growth of the new Chinese migrants in Madagascar and the roles of Chinese business networks in furthering Malagasy entrepreneurialism. Most of the new Chinese migrants arrive in Madagascar through personal networks, which are then expanded once they set up their businesses in the country. Through these networks, the new Chinese migrants are creating novel economic opportunities for Malagasy entrepreneurs at all levels of society. Many Malagasy are employed in Chinese-owned shops, and increasing numbers of smaller Malagasy entrepreneurs are purchasing consumer goods from Chinese merchants and selling them to local consumers themselves. The more successful Chinese businessmen are beginning to organise themselves into professional associations and are seeking to foster contacts with the business elite in the

country. Through these means, they develop partnerships and introduce each other to important contacts. I demonstrate how this happened with the Malagasy Paper Company (PAPMAD), a local producer that was able to profit from the growing Chinese networks in the country to travel to China and purchase new industrial equipment from China. This effectively allowed the Malagasy company to compete with the influx of new Chinese paper goods on the Malagasy market. Lastly, I deliberate on how China's engagement is also facilitating bi-directional migratory flows, and show that Malagasy entrepreneurs sometimes fly to Guangzhou themselves, to either purchase items directly, or in some cases to set up businesses in China.

In chapter six, I explore the role of the Malagasy state in mitigating the negative local perceptions and impacts arising from the Chinese engagements. The growth of new Chinese traders in Antananarivo has driven the formation of varying perceptions concerning how the Chinese engagement is affecting development processes in Madagascar. Public opinion on the island generally vilifies what it considers the recent and rapid "Sinification" of Antananarivo.¹¹⁶ The majority of perceptions are informed by Sino-Malagasy interactions in the market place, which are based on the relationships between Chinese vendors and Malagasy customers, or between Chinese employers and Malagasy employees. Low-cost Chinese imports are perceived as a sign of Chinese superiority towards the Malagasy, and as damaging to local producers. A Chinese tendency to ignore local regulations and customs and the growth of Chinese trafficking networks and crime syndicates aggravate these feelings. Negative perceptions fuel the suspicion that China's engagements in Madagascar produce short-term benefits for the Malagasy business and political elite instead of generating the necessary foundations needed for long-term economic development among the wider population. Examining the accusations against China's engagement in Madagascar, I discover that while some are exaggerated and perpetuated by negative stereotyping, others have some accuracy.

I argue that while Chinese investors and traders in Madagascar do sometimes cheat and exert harmful impacts on local producers, the underlying issues are structural and political. I utilise the textile industry and China's environmental impacts in the extractive industries to demonstrate that the role of the Malagasy government is paramount in regulating China's activities in the country. I show how Chinese companies contributed to the growth of the textile sector when a Malagasy EPZ was successfully promoted in the 1990s. However, the loss of important trade agreements in the wake of the current political

¹¹⁶ Fournet-Guérin, "La Nouvelle Immigration Chinoise", 45-57, p. 52.

instability has led to a severe contraction of the industry, and the movement of Chinese firms to other countries. Likewise, the environmental records of Chinese firms in Madagascar are very poor to begin with, and this is exacerbated under conditions of a weak regulatory framework and state withdrawal. The collusion between local authorities and organised Chinese crime in the trafficking of precious woods and other endangered species is indicative of a dysfunctional development relationship between the HAT and elements of the Chinese presence. The differences between the impacts of China's engagements under Ravalomanana and Rajoelina inform my conclusion that while the developmental effects of China can be positive, they are primarily contingent on the local politics of development. Finally, in chapter seven, I review the argument, expand my conclusions, discuss key findings and their implications, and highlight their relevance to wider debates.

Chapter 2: Contextualising Madagascar

Introduction

Formerly an independent kingdom with close ties to European monarchs, Madagascar became a French colony in 1896 before regaining its sovereignty on June 26th, 1960. Philibert Tsiranana, Madagascar's president from 1960 until 1972, largely maintained the economic and political structures he had inherited from colonialism. By 1975, Madagascar had begun a conversion towards socialism, which accelerated under the increasingly dictatorial regime of President Didier Ratsiraka as the state gradually assumed greater control over the economy. Mounting debt and other economic pressures resulted in the adoption of an IMF SAP in 1983. As public spending was reduced, the ensuing social upheavals translated into popular demands for political liberalisation by the late-1980s. Madagascar formally democratised in 1993 with the election of Albert Zafy, but the transition to democracy has been difficult. Zafy was impeached in 1996, allowing for the election and return of Ratsiraka to the presidency. In 2001, an election dispute between Ratsiraka and Marc Ravalomanana resulted in a six-month standoff that brought the country's economy to a halt. Ravalomanana eventually persevered and embarked on an ambitious economic development plan that generated significant improvements in many sectors of the economy. In 2009, Ravalomanana was forced to resign the presidency amid corruption scandals and increasing pressure from Rajoelina, who, supported by influential factions of the Malagasy elite, orchestrated several months of social upheaval in the capital.

The consolidation of democracy in Madagascar has been burdened by pre-colonial patterns of ethnic and class-based politics that were reinforced by colonial policies. Although the exercise of political power in Madagascar is not exclusively based on personal relations, impersonal formal institutions are deeply embedded in local neopatrimonial networks. These networks are dominated by small groups of influential families (locally known as the *grandes familles*, or big families) from Antananarivo and the central highlands. Internal power struggles, which remain highly influenced by Ratsiraka's long legacy of political power, largely determine political and economic processes on the island. Rather than liberalising political decision-making, the short-term nature of political power in an electoral democracy has intensified the necessity of elite bargaining. No democratic president has left office through a peaceful transfer of power after losing an election, and all of Madagascar's leadership transitions have resulted in

severe economic crises. Since the 1990s, each of Madagascar's presidents has subverted the democratic process to further their own interests and that of their support network.

Economic development since independence has been slow. The country's GDP grew at an annual average rate of 0,5% between 1960 and 1999, exceeding the growth rates of only Niger, Nicaragua, Haiti, and Kiribati.¹¹⁷ Low GDP growth and annual population increases of approximately 3% resulted in a continuous decline in living standards. Consumption per capita more than halved between 1970 and 1997.¹¹⁸ The institutional weakness of the Malagasy state and the dominance of the elite mean that large parts of society are marginalised from processes of economic development. Economic prospects had begun to improve by the late 1990s and especially under Ravalomanana, but since 2009 poverty rates have increased despite a still functioning economy that is largely dependent on growth in the mining sector.¹¹⁹ The extractive industries, which were insignificant twenty years ago, have grown substantially over the past decade. Although the mining sector currently accounts for only 3% of GDP, the two large-scale investments by QMM and Sherritt mean that this figure is expected to increase to 18% by 2018.¹²⁰ Chrome, mica, and graphite account for the majority of Madagascar's mineral exports, and the country has known oil deposits. Madagascar is thus faced with the challenge of preserving its unique environment and biodiversity, which is of global significance, while managing a rapidly enlarging extractive industry in a manner that will benefit the country as a whole.

This chapter explores how neither the state-led development projects of the post-colonial era, nor the furtive attempts at neoliberal reform in the post-1993 shift to democracy have succeeded in engendering long-term economic growth in Madagascar. Ravalomanana's regime displayed elements of a developmental state, but as discussed in the following chapter, these could not be sustained because the pressures of consolidating power within the structures of Madagascar's political networks proved too strong for him to maintain an adequate balance between state and society. In this chapter, I begin with an overview of Madagascar's economy and mining and petroleum sectors to provide a context within which to discuss the country's politics of development. I then analyse the important roles of underlying social dynamics and hierarchies, which originated in the pre-colonial era but were reinforced by French policies, in structuring the Malagasy political system. I consequentially examine the

¹¹⁷ World Bank, *Madagascar: An Agenda for Growth*.

¹¹⁸ World Bank, *Madagascar: An Agenda for Growth*.

¹¹⁹ World Bank, *Madagascar-Economic Update*.

¹²⁰ Tahiny, *Les Investissements de la Chine*.

economic policies and the interplay between the state and social forces during the regimes of Tsiranana and Ratsiraka, which together constitute Madagascar's First and Second Republics. I then discuss the transition to democracy, the Zafy, Ratsiraka, and Ravalomanana regimes, and expound on the events that led to the 2009 political crisis. I show how each of these presidents have manipulated Madagascar's constitution to suit their own needs, sentenced predecessors to crimes committed during their presidencies in absentia, dominated political parties, and have generally been unable to effect a peaceful leadership change without disrupting the economy. Finally, I demonstrate that civil society and large parts of the Malagasy population are marginalised from the processes of economic development in the country, leaving the Malagasy government and by extension ruling elite as the central actor in the politics of development.

An economic profile of Madagascar

Madagascar's economy is largely informal and characterised by a dual structure, where one sector - agriculture - is geared to local needs, and others to the global export market. Including fishing and forestry, agriculture employs 78% of the population and accounts for 70% of export revenues, and 30% of GDP.¹²¹ Rice is the primary crop produced and the most important source of income and employment. Approximately 60% of the population farms rice. Levels and stability of rice prices have major effects on the welfare of rice farmers and consumers, which is essentially the entire population. On average, 75% of a household's budget is often spent on rice alone.¹²² The contribution of agriculture to economic growth is however marginal due to low productivity, a prevalence of informal subsistence farming, and a rural infrastructure bias that is exacerbated by a general lack of infrastructure and the poor quality of existing infrastructure. Whereas Madagascar was one of the world's top rice producers in the 1960s, it is now a net importer from Pakistan, India, and Thailand. Agricultural value added per capita dropped from US \$71 in the 1980s, to US \$66 in the 1990s, and to US \$62 in 2005.¹²³ Primary agricultural exports today include vanilla, cocoa, litchis, mangoes, coffee, and tea, but these are sometimes of poor quality and are often

¹²¹ Epstein, Heintz, Ndikumama, and Chang, *Employment, Poverty and Economic Development*, iv-140, p. 85.

¹²² Dorosh and Minten, "Rice Price Stabilization", 1-17.

¹²³ Epstein et al., *Employment, Poverty and Economic Development*, iv-140, p. 86.

marketed by foreign-controlled groups. Generally, they are directed toward traditional markets in France and have limited prospects for growth.¹²⁴

Madagascar's principal exports are graphite, mica, and chrome. In the 1950s, graphite and mica accounted for 92% of the country's mineral exports. Graphite, an electrical conductor, was first exported in 1907, when Madagascar had a near global monopoly on the supply of graphite flakes, which were indispensable for the manufacture of metallurgical crucibles.¹²⁵ In the late-1990s, four mining companies collectively produced more than 16,000 tonnes of graphite annually. In recent years, national graphite production has declined to about 5,000 tonnes per year due to the increased costs of petroleum products used for drying the graphite and the gradual depletion of higher-grade graphite deposits. Mica, a relatively rare crystalline structure that forms chemically inert sheets with superior electrical properties, has been Madagascar's most profitable export, despite more competition from other producers.¹²⁶ Today, chrome is by far Madagascar's most exported material in terms of quantity. The country began extracting and exporting chrome in 1969 through Kraomita Malagasy S.A. (Kraoma), a state-owned company that remains the country's leading producer of the metal today.

While Madagascar's traditional metal and mineral exports continue to be produced, other substances and gemstones are also attracting substantial interest from local and foreign investors. Iron-ore, nickel, uranium, and coal deposits are increasingly being mined. Lesser-known minerals are also gaining attention, including bauxite, which is used in aluminium production, zirconium, a by-product of titanium and principally utilised as a refractor in industrial and manufacturing processes due to its high resistance to heat, and ilmenite, mined for titanium oxide production and which is frequently used as a base pigment in paint, paper, and plastics. Gold deposits are plentiful, and fine, ornamental, semi-precious, and precious gemstones (with the exception of diamonds), are also abundant. Deposits of gold and gems (amazonite, amethyst, beryl, citrine, cordierite, garnet, sapphire, and tourmaline) have been exploited, as have those of ornamental stones (agate, apatite, and aragonite, calcite, jasper, and labradorite) and stones for electrical geodes (quartz and celestine). Significant sapphire accumulations were discovered in 1998, triggering an export windfall in this precious gemstone. Table 1 and figure 2 show Madagascar's principal mineral exports and the volume of its metal and mineral production, respectively.

¹²⁴ Bertelsmann Stiftung, *Madagascar Country Report*, 1-27.

¹²⁵ Thompson and Adloff, *The Malagasy Republic*.

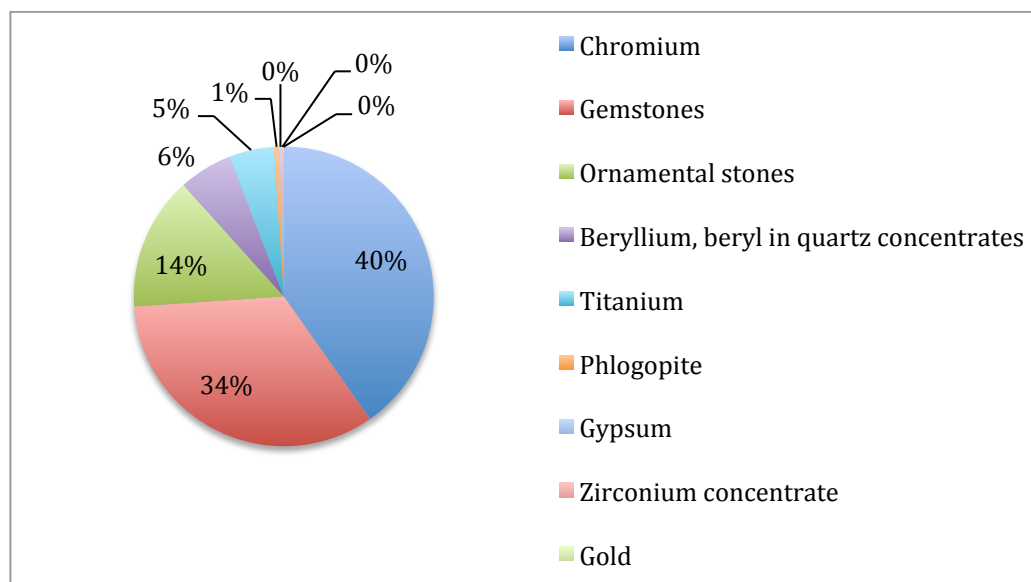
¹²⁶ Yager, *2010 Minerals Yearbook*. Mica is used as an insulator and a dielectric and can support an electrostatic field while dissipating minimal energy in the form of heat.

Table 1: Madagascar's principal metal and mineral exports, 2010.

	Tonnes	Net Value US\$
Chrome	134,500	25,097,576.74
Gemstones	10,786	14,986,041.11
Graphite	3,783	2,735,136.94
Mica	2,069	755,407.93
Quartz	407	165,532.30
Other Mineral Products	311,553	46,955,011.82

Source: Madagascar, INSTAT, *Imports et Exports Effectuées par Madagascar vers et Aupres les Dix Principaux Pays*.

Figure 2: Madagascar's metal and mineral production by volume, % (2008).



Source: Yager, *2010 Minerals Yearbook*.

Madagascar also has proven oil reserves, but it is not an oil-exporting country. It possesses five sedimentary basins covering 990,000 kilometres² (km²) of on- and offshore petroleum blocks and 480,000 km² of oceanic crust that hold petroleum, grouped into 20 onshore and 246 offshore blocks. In 2010, there were

17 oil companies in operation, including six offshore. Due to the difficulties associated with extraction and oil refining in Madagascar, exploration activities have been confined to the onshore blocks. The petroleum is mixed with sand and tar deposits, which necessitates substantial refinement and significantly raises the costs of production. Shell Corporation had been exploring for oil in the 1980s but terminated its operations in the country after deeming them commercially unviable. Total and ExxonMobil also purchased exploration contracts in the 1990s. Madagascar Oil, a Malagasy-American company headquartered in Houston, recently succeeded in extracting petroleum from its Tsimiroro Oil field in northwestern Madagascar during a pilot test. Oil is now being pumped at the Tsimiroro block on a very small scale. The company is aiming to produce a few dozen barrels daily, with the objective of reaching 1,000 barrels a day by the end of 2013. The Tsimiroro block holds a contingent reserve of 1,7 billion barrels over 20% of its area. This translates into 150,000 barrels a day at peak production once the well is commercial, which is forecast for 2019 at the earliest.¹²⁷

Despite the country's wealth, Madagascar's lack of infrastructure is a principal obstacle to economic diversification and growth. Existing infrastructures have generally been inherited from colonialism, when they were built to serve the ruling elite. Hospitals, health centres, and doctors are still concentrated in urban areas and especially Antananarivo.¹²⁸ Only 60 - 70% of Madagascar's population - those who live in regions served by roads - has access to primary health care.¹²⁹ Madagascar has a prevalence of malnutrition and stunted growth, which is due to both a shortage of food and a lack of balanced nutrition.¹³⁰ In 2010, the mortality rate for children under the age of five was 62 out of every 1,000 live births, which is below the regional average for Africa (119) but still far above that of the Americas and Europe (18 and 14, respectively). Preventable diseases including diarrhea, pneumonia, and malaria are the three leading causes of child mortality.¹³¹ As a whole, Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome (HIV/AIDs) infection rates in Madagascar are substantially lower than in many African societies. Between 2000 and 2009, only 123 out of 100,000 Malagasy were reported to have the illness, compared with a regional average of 2,740 and rates over 11,000 in Botswana, South Africa, Swaziland, and

¹²⁷ Interview with the deputy general manager of Madagascar Oil in Antananarivo, August 30, 2011.

¹²⁸ Razafison, "Back to Basics", 421-423.

¹²⁹ Razafison, "Back to Basics", 421-423.

¹³⁰ The majority of Malagasy consume rice at every meal of the day, along with some vegetables and occasionally meat.

¹³¹ World Health Organisation, *World Health Statistics*, 2012.

Lesotho.¹³² Polluted water is a primary reasons underlying poor public health in the country. According to WaterAid, an NGO focused on sanitation and water purification methods in Madagascar, close to 14 million Malagasy did not have access to clean water in 2008. When the 12 million people who practice open-air defecation are factored in, the impact of the lack of water and sanitation on the overall health of the population and economic development of the country is immense.¹³³ Poor transport and power infrastructure compound these issues. The average Malagasy walks more than 10 km to reach the nearest health care centre, although mobile health centres have been recently established in remote and sparsely populated areas in an attempt to address these problems.¹³⁴

The country's dearth of energy and transport infrastructure is also a major obstacle to wider economic growth. Charcoal is the principal source of energy in Madagascar, followed by wood, batteries, candles, and kerosene. Energy provision is extremely low throughout Madagascar. In 2009, 2% of the rural population and 19% of the total population had access to electricity. Electricity provision is strongest in the capital, where mechanical issues and weak energy grids nonetheless cause regular power outages. On average, a firm operating in or around the capital sustains 11 power outages per month.¹³⁵ The Malagasy Gas and Water Company (JIRAMA), Madagascar's principal power utility, generates 250 megawatts of power, with the generation mix consisting of hydropower and oil, at 55% and 45%, respectively. The country also has several small hydroelectric power plants.¹³⁶ Madagascar has 37,476 km of roads, which translates into six km per 100 km². Out of these, 7,617 km, which represents approximately 16% of all roads, are paved.¹³⁷ There is one principal commercial port in Toamasina, a smaller one in the southern town of Toliara, and two international airports, which are located in Antananarivo and on the tourist island of Nosy Be.

Madagascar's extreme poverty and growing mining sector threatens the nation's fragile and unique ecosystem. Madagascar, the world's fourth largest island, has one of the most diverse natural environments in the world. It possesses 5% of global plant and animal species, approximately 80% of which (roughly 150,000) are endemic.¹³⁸ Around 90% of the country's biodiversity is found in its dense rainforests, which are located mainly along the eastern and northeastern shoreline. Environmental pressures have accelerated as the population grows

¹³² World Health Organisation, *World Health Statistics*, 2012.

¹³³ WaterAid, *Madagascar Country Strategy*.

¹³⁴ Razafison, "Back to Basics", 421-423.

¹³⁵ World Bank, Databank. See <http://databank.worldbank.org/data/home.aspx>.

¹³⁶ Interview with JIRAMA, September 1, 2011.

¹³⁷ World Bank, Databank. See <http://databank.worldbank.org/data/home.aspx>.

¹³⁸ Ploch, *Madagascar's Political Crisis*, p. 1.

more rapidly and rural Malagasy make more forested areas available for rice and other crops through “slash and burn” agriculture. Whereas Madagascar possessed 11 million hectares of forest and 11 million people in the 1990s, it now has approximately nine million hectares of forest and over 20 million inhabitants.¹³⁹ While forests covered 27% of the island in the 1950s, this figure dropped to 16% by 2000.¹⁴⁰ Extremely high rates of deforestation are contributing to widespread erosion, unearthing Madagascar’s red soil and colouring the country’s rivers and deltas to such an extent that the country has been nicknamed the “red island”.

Society and politics in Madagascar

The difficulties associated with finding political and economic stability in Madagascar are closely tied to the ethnic and class-based socio-political environment that underlies the elite bargaining process in the country.¹⁴¹ The deepest cleavages within Malagasy society and political power structures are found within the country’s 18 different ethnic groups. The Tsimihety and Sakalava groups, who each number approximately 700,000, populate the country’s southern and western regions and constitute the biggest coastal groups. The Merina, Betsileo, and Betsimisaraka populations, who comprise roughly 3 million, 2 million, and 1,5 million members respectively, live in the central highlands.¹⁴² Before colonialism, Madagascar’s population was divided into different kingdoms vying for power over the island from the 1700s onwards. A key aspect of Madagascar’s immediate pre-independence history is the dominant role played by the populous Merina group from the highlands. A series of Merina monarchs ruled over the Kingdom of Imerina throughout the 19th century from a relatively isolated and centralised power structure in Antananarivo. The Merina leaders used their strength in numbers to exert control over the rest of the island but failed to achieve total unification. They sought to promote a process of economic modernisation through close diplomatic ties to the UK and France, leading to the establishment of European-style schools and government institutions. Merina state policies also stimulated agricultural production, which

¹³⁹ Dewar, Massey, and Baker, *Time to Make a Fresh Start*, 1-18.

¹⁴⁰ Rabesahala-Horning, “Strong Support for Weak Performance”, 405-431, p. 420.

¹⁴¹ The use of ethnicity to categorise the different groups who compose Madagascar’s population but who all speak the same language, remains disputed. Raison-Jourde and Randrianja argue that all of Madagascar’s groups speak the same language and should thus be considered one ethnicity. The term “ethnicity” only became popularised by French anthropologists who sought to understand Malagasy society during colonialism. See Raison-Jourde and Randrianja, *La Nation Malgache*.

¹⁴² Raison-Jourde and Randrianja, *La Nation Malgache*.

helped to create a larger and healthier Madagascar and contributed to the early centralisation of the Malagasy state.¹⁴³ French colonial policy initially aimed to co-opt the Merina leadership, but after recognising the extent of influence the Merina exerted over the population they adopted a tactic of indirect rule, which further strengthened the political dominance of the Merina group. A colonial policy of pacification towards the Merina thus retained the pre-colonial power structures of Malagasy society.¹⁴⁴

A complex feudal system emerged during the Merina rule, under which class and geographical location defined social status. Coastal populations were by definition in a lower class than the groups inhabiting the highlands. The dominance of the Merina led to the construction of a binary opposition between coastal and highlander populations in Malagasy politics that effectively serves to legitimise the authority of one group, the Merina, over the others. The term “côtier”, referring to the coastal populations, was conceived in the 1920s as a testimony to Merina exceptionalism.¹⁴⁵ There is a discernable physical difference between populations from the central plateau and the coastal regions, with the former displaying distinctively Austronesian features and the latter more African traits. The Merina generally view themselves as more European and Asian, and therefore as more “civilised” and capable of exerting political power over the country than their counterparts from the coastal areas. However, simplifying Malagasy social dynamics into a coastal/highlander divide risks simplifying a complex issue. Merina politics is also characterised by a class division between the descendants of slaves and non-slaves, and between royals and non-royals. Caste distinctions are also important determinants of social status.

The Merina have one of the countries most stratified caste systems, which is divided into small endogenous descent groups that are meticulously ranked. The Andriana (nobles), the Hova (commoners), and the Andevo (slaves) constitute the three main castes, which are then further divided into subclasses. While the Andriana and Hova castes could intermarry and originated from the Merina royalty and their fiefdom populations, the Andevo constituted a slave caste that descended from captives imported into the highlands by the Merinas.¹⁴⁶ Merina slaves could not marry an Andriana or a Hova, meaning that slavery was transmitted unaltered from generation to generation.¹⁴⁷ Although slavery no longer exists, the dogma of having descended from Merina slaves continues to

¹⁴³ Campbell, “An Industrial Experiment”, 525-560.

¹⁴⁴ Marcus and Ratsimbaharison, “Political Parties in Madagascar”, 495-512.

¹⁴⁵ Raison-Jourde and Radrianja, *La Nation Malgache*, p. 13.

¹⁴⁶ Allen and Covell, *Historical Dictionary*.

¹⁴⁷ Bloch, *Marriage Amongst Equals*, p. 275.

inform the distribution of political power within the Malagasy elite today. The continued salience of these historically entrenched power structures has resulted in the political dominance of a network of about 30 big families hailing predominantly from the Merina and to a lesser extent the Betsileo and Betsimisaraka groups in Madagascar. Despite internal cleavages and increasing pressure from the coastal groups, who have gradually increased their political influence vis-à-vis the Merina over the past 30 years but are too fragmented to form lasting alliances, the Francophone Merina remain firmly in a position of authority.¹⁴⁸

The first and second Malagasy republics

The persistence of poverty in Madagascar has been perpetuated by a chronic lack of effective governance. Initially, Madagascar's state-led development project under Tsiranana's Social Democratic Party (PDS) resulted in a period of relative political stability and an average per capita GDP growth rate of 2,9%, but this growth benefited French interests and the Malagasy elite more than the Malagasy population.¹⁴⁹ Tsiranana largely maintained French economic structures while implementing ISI strategies, which had positive impacts on macroeconomic growth, but did little to improve the participation of Malagasy in the formal economy. The economic foundations of Tsiranana's regime were conditioned by the structures of the post-colonial "Communauté Française". This framework "was characterised on the one hand by oligopolistic and monopolistic elements and on the other by the extension of civil liberties exclusively to a socially and economically assimilated French-speaking Malagasy elite".¹⁵⁰ At independence, foreign and predominantly French interests controlled Madagascar's economy. French colonists owned the large estates producing export crops and foreign capital dominated the small industrial sector. By the end of the 1960s, firms under French control still accounted for 65% of sales, while Malagasy companies claimed 5%.¹⁵¹ ISI policies had limited the importation of consumer goods, meaning that the Malagasy market was saturated with French-made products and domestic industrial growth was limited by the small size of the internal market.

¹⁴⁸ Marcus and Ratsimbaharison, "Political Parties in Madagascar", 495-512.

¹⁴⁹ Paillard, "The First and Second Malagasy Republics", 298-354.

¹⁵⁰ Bertelsmann Stiftung, *Madagascar Country Report*, 1-27, p. 3. Although French is an official language of Madagascar, merely 3% of the Malagasy population speaks it. Knowledge of French is limited to the urban and more educated strata of the populations, and to the political and business elite.

¹⁵¹ Dorosh, Bernier, and Sarris, *Macroeconomic Adjustment and the Poor*.

By 1970, Madagascar was totally dependent on foreign trade and capital. French companies controlled more than half of commercialised agricultural production and exports, debts were mounting, and the rural and lower class Malagasy struggled while the elites prospered. As Tsiranana sought to consolidate his economic control over the island, his government became increasingly authoritarian. He was re-elected as president in 1965 with 97,7% and in 1972 with over 99% of the vote.¹⁵² These wins are attributed to the intimidation of political rivals and control over the mass media, especially the radio.¹⁵³

The Tsiranana years culminated in significant social and political upheavals in the early 1970s. Rural farmers, urban youths, students from the capital, and religious organisations were at the heart of the revolts against the Tsiranana government between 1968 and 1975. In the countryside, farmers demonstrated their discontent with the ruling regime by burning far more land than they needed for cultivation in bush-fires, a practice discouraged by the government and often suppressed by violent means. In 1971, students from the University of Antananarivo launched a strike against the French system of education used in Madagascar. Concurrently, a political opposition party organised a rebellion in the southern and poorest region of the country where the “fiscal oppression and administrative arbitrariness became untenable”.¹⁵⁴ The rebellion weakened coastal support for the PDS and consequentially its power over the country’s political institutions. Respected and known religious leaders publicly voiced their opposition to the government. In 1972, students again revolted against the continuing post-colonial character of the regime in the streets of the capital. Tsiranana declared a state of emergency, arrested around 400 students, and banned all further public protests. The violent crackdown against the demonstrators persuaded the elder, white-collar workers of Antananarivo to join the demonstrations on the streets. As the youths turned to the army for support, Tsiranana had no choice but to liquidate his government and confer power onto the chief of the Malagasy army.

This eventually led to the rise of Ratsiraka, who ruled the country on a socialist and nationalist platform from 1975 until 1993 (and again from 1997 until 2002). After the revolts were quelled, the military initially assumed control under General Gabriel Ramanantsoa. The Ramanantsoa government held power from 1972 to 1975 and initiated economic policies that moved Madagascar towards socialism. It expelled French military and naval forces from the country, nationalised French and other foreign companies, and formed state agencies to

¹⁵² Gow, “Admiral Didier Ratsiraka”, 409-439, p. 409.

¹⁵³ Paillard, “The First and Second Malagasy Republics”. 298-354.

¹⁵⁴ Paillard, “The First and Second Malagasy Republics”, 298-354, p. 325.

implement marketing and trading policies.¹⁵⁵ Madagascar exited the CFA franc zone, which had pegged the Malagasy franc to the French franc. Internal struggles within the army prevented Ramanantsoa from consolidating his own power, leading him to bestow it onto Colonel Richard Ratsimandrava in 1975. Six days later, Ratsimandrava was assassinated by a group of officers staging a military coup. These officers subsequently installed Lieutenant Commander Didier Ratsiraka, former minister of foreign affairs under Ramanantsoa, as the new leader of Madagascar's Supreme Revolutionary Council.

Ratsiraka continued with the socialist policies of his predecessor, further increasing the state's role in the economy. He nationalised foreign import-export companies, banks, and insurance firms in the name of economic development, and American military forces were expelled from a National Aeronautics and Space Administration (NASA) base that they had negotiated under Tsiranana. He established links with communist states in Asia, the Soviet Union, and several Eastern bloc countries, and Madagascar became a member of the Non-Aligned Movement. Ratsiraka's political ideology was embodied in his idea of "scientific" Malagasy socialism modelled roughly on the Chinese collectivist vision, which he detailed in a publication called "The Red Book". He sought to legitimise his regime through a referendum on the new "Democratic Republic of Madagascar", which produced a result almost completely in favour of Ratsiraka and the socialist ideological principles guiding the new Republic. Education was expanded, military equipment was purchased, infrastructures were upgraded, an important hydroelectric dam was constructed, textile factories, fishing and agricultural processing plants were opened, and a host of lesser initiatives were announced during this time.¹⁵⁶

Ratsiraka's state-led interventions led to a 20% GDP growth rate by the late-1970s, but this growth was juxtaposed by increasing debt, an expanding budget deficit, and a marked decline in living standards.¹⁵⁷ Madagascar maintained an overvalued exchange rate through trade controls and foreign borrowing, established price controls that favoured public enterprises, financed government spending through money creation, and relied heavily on import and export tariffs to generate government revenues. By the mid-1980s, excessive foreign borrowing and domestic monetary expansion had swelled the nation's external debt from less than US \$300 million in 1978 to in excess of US \$1,370 million, with debt-servicing payments accounting for more than one-third of

¹⁵⁵ Dorosh, Bernier, and Sarris, *Macroeconomic Adjustment and the Poor*.

¹⁵⁶ Paillard, "The First and Second Malagasy Republics", 298-354.

¹⁵⁷ Dorosh, Bernier, and Sarris, *Macroeconomic Adjustment and the Poor*.

export earnings.¹⁵⁸ Net foreign investment, which equalled US \$14 million in 1974, had disappeared by 1976, and was negative between 1977 and 1979. Concomitantly, the current account deficit ballooned from US \$16 million in 1977 to US \$568 million in 1980.¹⁵⁹ Consequentially, the IMF was approached for assistance to meet the balance of payments crisis.

By the time Ratsiraka began implementing market reforms, slashing budget deficits, and reigning in a bloated civil service, it was “too little too late”.¹⁶⁰ As Gow asserts, under Ratsiraka’s model of state-led socialist development, the Malagasy found themselves faced by excessive personalised rule with too much power in the hands of one man. Growing corruption, continuing weak political and administrative institutions, an over-dependence on a few commodities, a shortage of investment capital, and failed policies of economic planning resulted in the excessive concentration of benefits for the regime’s supporters.¹⁶¹ Since Ratsiraka’s power was still rooted in his ability to please and gain the support of different factions, as the economic crisis deepened, it became more difficult to “get them to work together on policy matters or to remain satisfied with the few gifts he had left to distribute”.¹⁶² Although he was considered one of the IMF’s seven “good students” in Africa in the late-1980s, mounting inflation and economic pressures led to rising popular discontent by 1990.¹⁶³ International calls for democratisation supported local cries for political liberalisation. Violent clashes ensued on the streets of Antananarivo, during which military forces loyal to Ratsiraka fired on and killed opposition demonstrators. In 1991, over 100,000 Malagasy filled the streets of Antananarivo to force Ratsiraka to accept a transitional government. By the end of 1992, Madagascar’s Second Republic, and with it Ratsiraka’s grip on power, had crumbled.

The ongoing transition to democracy

Increasing domestic and international pressures to liberalise culminated in a formal transition to democracy and the election of Zafy as president of Madagascar’s Third Republic in 1993. Democratisation was widely viewed by the Malagasy population as a chance to construct a more equitable national political

¹⁵⁸ Gow, “Admiral Didier Ratsiraka”, 409-439, p. 421.

¹⁵⁹ Dorosh, Bernier, and Sarris, *Macroeconomic Adjustment and the Poor*.

¹⁶⁰ Discussion with the IMF representative to Madagascar from 1989-1992, September 22, 2012.

¹⁶¹ Gow, “Admiral Didier Ratsiraka”, 409-439, p. 438.

¹⁶² Gow, “Admiral Didier Ratsiraka”, 409-439, p. 424.

¹⁶³ Discussion with the IMF representative to Madagascar from 1989-1992, September 22, 2012.

framework because it ostensibly disengaged the political processes from the “inclination of the ruling classes to lock things up”.¹⁶⁴ However, a lack of respect for the electoral process and the repeated failures of democratic governments to produce tangible, positive, and lasting changes in the lives of the Malagasy have led to the limited political participation of the wider population. The Malagasy have little trust in the main political institutions of their country: “there is a degree of disenchantment with politics, causing some Madagascans to withdraw from political life altogether”. This disillusionment is clearly expressed by the 26% of Malagasy who hold the view that “for someone like me, it does not matter what kind of government we have”, indicating they have no expectations from the state.

¹⁶⁵

From its inception, Zafy’s regime was troubled by the failure of politicians to embrace the democratic process and the opposition’s inability to cohere into a stable governmental coalition. The success of democracy under Zafy had depended on the ability of political factions to form alliances in support of or against the executive. This was in turn contingent on an executive who demonstrated restraint, shared its power with the prime minister and cabinet, and encouraged political debate in the interest of economic development.¹⁶⁶ Zafy placed excessive blame for governance failures and economic stagnation on his ministers, resulting in five cabinet reshuffles, and he espoused radical nationalist economic policies.¹⁶⁷ As Madagascar re-accumulated burgeoning debts, the World Bank, the IMF, and other donors began suspending their programs.¹⁶⁸ In September 1996, within 36 months of assuming power, Zafy was impeached for the misappropriation of funds and for attempting to dismiss the prime minister in violation of the constitution. His impeachment demonstrated the continuing “fissiparous tendencies of Malagasy politics” and cleared the way for Ratsiraka, who was formerly ousted as an autocratic dictator, to return to power with a democratic mandate.¹⁶⁹

Ratsiraka continued with the implementation of liberalisation policies and embarked on a program of decentralisation meant to signal his new democratic credentials, but which in reality served to secure his hold on power. The fleeting nature of legitimate political power in an electoral democracy imposed new pressures on him to form alliances that would sustain his power when he left

¹⁶⁴ Rakotondrabe, “Beyond the Ethnic Group”, 15-29, p. 24.

¹⁶⁵ Afrobarometer, *Madagascans and Democracy*, p. 12.

¹⁶⁶ Allen, “Impeachment as Parliamentary Coup”, 81-94.

¹⁶⁷ Allen, “Impeachment as Parliamentary Coup”, 81-94.

¹⁶⁸ Randrianja and Ellis, *Madagascar: A Short History*.

¹⁶⁹ Allen, “Impeachment as Parliamentary Coup”, 81-94, p. 81.

office. Decentralisation, widely viewed as a democratic compromise, furthered both Ratsiraka's personal interests and those of his old military regime.¹⁷⁰ Ratsiraka is from Toamasina, on the eastern coast of Madagascar. The distribution of power away from Antananarivo to the provinces bolstered the support of the president and disenfranchised political opponents in Antananarivo.¹⁷¹ Decentralisation "degenerated into the creation of fiefdoms of the old regime, which were used as strongholds of political destabilisation".¹⁷² By the end of the 1990s, Ratsiraka had formed a large network of nepotism similar to the former and more blatantly autocratic power structure that existed under his first presidency, and had appointed close friends and family members to various important posts in government and business. During his election campaign of 1996, Ratsiraka had claimed that he had lived in a modest flat in Paris during his years of political exile. In November 1997, shortly after winning the Malagasy elections, he bought himself a new apartment in Paris for an estimated US \$1,4 million.¹⁷³ The flagrancy and corruption exhibited by the second Ratsiraka regime gave Marc Ravalomanana, the well-liked mayor of Antananarivo, the opportunity to challenge his power in the disputed 2001 presidential election.

The political standoff between Ratsiraka and Ravalomanana in 2001 and 2002 brought the country closer to civil war than at any other time in its modern history and clearly indicated that meaningful democratic consolidation had yet to occur in Madagascar. In December 2001, Ravalomanana's I Love Madagascar (TIM) party and an independent church group proclaimed that he had won a majority of 50,5% of the vote in the first round of the election. Madagascar's High Constitutional Court (HCC) and Ministry of the Interior disagreed, and proposed a second run-off to determine the winner of the race. Ravalomanana refused to participate in a second round until the first round had been satisfactorily counted. In February 2002, tensions increased considerably when Ravalomanana held an inauguration ceremony, had himself sworn in as president, and began forming his government in Antananarivo. Hundreds of thousands of peaceful civilian protesters massed in the streets and prevented Ratsiraka's ministers from reaching their offices, which eventually forced them to resign. Unable to operate effectively in Antananarivo, Ratsiraka relocated to Toamasina, from where he orchestrated an economic, political, and military blockade of Antananarivo. Still proclaiming himself as president, and with the support of a large faction of the army, Ratsiraka declared martial law and destroyed the main

¹⁷⁰ Rakotondrabe, "Beyond the Ethnic Group", 15-29.

¹⁷¹ Marcus, "Marc the Medici?", 111-131.

¹⁷² Kohnert, *Are non-state Actors Better Innovators?*, 1-19.

¹⁷³ See Randrianja and Ellis, *Madagascar: A Short History*.

bridge connecting the coast to the capital, effectively starving its residents of food and fuel. In April 2002, the HCC released a recount of the election that awarded Ravalomanana the presidency and negated the need for a second run-off. Shortly thereafter, amongst rumours that Ratsiraka was amassing mercenaries from Africa to attack the capital, the international community began to support Ravalomanana's claim to the presidency.¹⁷⁴ Under increasing pressure, Ratsiraka fled to Paris in June 2002, leaving Ravalomanana with a country severely damaged by months of economic paralysis and substantial capital flight.

Ravalomanana replaced Ratsiraka's economic policies with a state-driven, capitalist, and neo-liberal economic agenda. The US was one of the first countries to formally recognise his government in June 2002. France, China, the United Kingdom (UK) and five African governments quickly followed suit. Ravalomanana reached out to foreign donors and investors who welcomed Madagascar's improved business climate. Economic growth gradually began to accelerate again, especially after Ravalomanana was given a second mandate. He was re-elected in December 2006 in a relatively fair election with almost 55% of the vote, and legislative, provincial, and regional elections were held in late-2007 and early-2008, giving his regime substantial popular and democratic legitimacy.¹⁷⁵ Between 2002 and 2008, Madagascar's economy grew at an average annual rate of 7%, and poverty declined from 80% to 69%. By the time he was ousted from the presidency in 2009, Ravalomanana had overseen a rise in GNI per capita from US \$780 (in 2003) to US \$1,030, a historic high.¹⁷⁶

The political crisis of 2009

Despite Ravalomanana's popular legitimacy, his policies economically disenfranchised influential members of the big families, which resulted in Rajoelina's rise to power as the leader of the "Young Determined Malagasy" party (TGV) in February 2009. Ravalomanana had failed to help his party's candidate win the 2007 mayoral election in Antananarivo, leading to increased tensions between the government and Rajoelina, the capital's new mayor. The political crisis officially began on January 17th 2009, when residents of Antananarivo gathered to protest the presidency of Ravalomanana under Rajoelina's leadership. The immediate impetus behind the crisis was the forced

¹⁷⁴ Ploch, *Madagascar's Political Crisis*, p. 2.

¹⁷⁵ Ploch, *Madagascar's Political Crisis*, p. 3.

¹⁷⁶ World Bank, Databank. See <http://databank.worldbank.org/data/home.aspx>.

closure of Rajoelina's Viva television and radio stations in December 2008 by Ravalomanana's regime after they aired an interview with Ratsiraka in which he lamented the state of governance in Madagascar and blamed Ravalomanana for the country's economic woes. The protests turned violent as elements of the crowds rioted and looted. The state radio building was ransacked and set alight, and arsonists targeted a Ravalomanana-owned radio station and his personal businesses.¹⁷⁷ On January 28th, a protest staged in the capital turned violent, leaving 48 people dead and hundreds more injured, marking the beginning of large-scale aggression towards Ravalomanana's government.¹⁷⁸

In February and March 2009, the Malagasy capital was once again ensnared in a crisis of leadership. Rajoelina declared that he was taking control as the head of a two-year transitional government that would be legally established through a parliamentary request for Ravalomanana's resignation. His bid to impeach Ravalomanana was rejected by the HCC, and in retaliation President Ravalomanana removed Rajoelina from office.¹⁷⁹ Shortly thereafter, the presidential guard opened fire on a crowd that was protesting near one of the presidential palaces. Approximately 28 people died, and hundreds were injured.¹⁸⁰ This incident worsened the already volatile and tense situation, and strengthened Rajoelina's movement. In an effort to save his presidency, Ravalomanana publicly acknowledged the mistakes made by his government during the crisis and suggested that a national referendum be held to determine whether he should stay in office. Rajoelina rejected his proposal. Compounding the issue was the mutiny of part of Madagascar's armed forces in March 2009, who demanded that Ravalomanana step down from office. Under pressure from the army, and faced with a loss of political support in the capital, Ravalomanana fled to South Africa and conferred power onto a military directorate, who subsequently passed it on to Rajoelina.

Rajoelina, born to a wealthy family in Antananarivo with ties to Ratsiraka's extended clan, was a young entrepreneur who began his career as a disc jockey at local clubs and parties, and eventually became an event promoter in the capital. He then successfully launched a printing and advertising company in 1999 and the Viva networks in 2007. Rajoelina had already campaigned as a candidate in the mayoral elections won by Ravalomanana in 1999, and he served as a campaign strategist for one of Ravalomanana's presidential opponents during the election in 2006. In 2007, he campaigned for mayor once again, and

¹⁷⁷ "At least Two Killed in Madagascar Protests", *Global Insight Daily Analysis*, January 27, 2009.

¹⁷⁸ Maunganidze, *Anatomy of a Recurrent Crisis*.

¹⁷⁹ Ploch, *Madagascar's Political Crisis*.

¹⁸⁰ Maunganidze, *Anatomy of a Recurrent Crisis*.

succeeded with a 62% majority against Ravalomanana's TIM candidate.¹⁸¹ Ravalomanana and Rajoelina were both economic competitors as well as political opponents. In 2001, Ravalomanana had already utilised his power as mayor to impede Rajoelina's private business when he banned billboards advertising Rajoelina's companies from being displayed in the capital. Personal conflict between Ravalomanana and Rajoelina reflected the wedge that Ravalomanana's presidency had driven into the Malagasy political establishment. They "seem to dislike each other personally, and their very different policy approaches [to business and politics] have contributed to a malaise in the body politic. Polarised visions have created divergent views, dividing many families, communities and churches".¹⁸²

Animosity between the two politicians was reflected in disagreements over the management of public and private affairs, and over the tensions between the exercise of power from the central government and that of the capital. After Rajoelina became mayor, Ravalomanana declassified the mayor's budget and ordered him to repay the central government all of the arrears owed to it since the 1980s. Additionally, Ravalomanana's decision to suspend state subsidies to the newly elected mayor of Antananarivo was interpreted as an attempt to undermine Rajoelina's ability to deliver on his electoral promises.¹⁸³ In 2008, the Ravalomanana government allegedly delayed the disbursement of funds for various local government infrastructure projects in the capital and diverted investment away from the city.¹⁸⁴ Rajoelina also saw his income threatened with the closure of his media outlet, which explains the ferocity of his reaction.¹⁸⁵ The fact that Ravalomanana's earlier closures of other media outlets, and his censorship of private media across the country since the beginning of his presidency more generally, did not lead to the demise of his regime further points to the prevalence of a strong personal animosity between the president of the country and the mayor of Antananarivo.¹⁸⁶ In directly restricting the livelihood of a prominent member of an important Merina family, Ravalomanana had tipped the political balance in favour of his opponents. Riding on the wave of popular opposition to the Boeing and Daewoo affairs, and given the weakened state of the political opposition, Rajoelina was able to channel public anger, gain the support of the army, and position himself as the spokesperson for the opposition to Ravalomanana's regime.

¹⁸¹ Randrianja, *Le Coup d'Etat de 2009*, p. 15.

¹⁸² Dewar, Massey, and Baker, *Time to Make a Fresh Start*, 1-18, p. 6.

¹⁸³ Maunganidze, *Anatomy of a Recurrent Crisis*.

¹⁸⁴ Ralambomahay, *Une Crise Interminable*.

¹⁸⁵ Pellerin, "Un Conflit d'Entrepreneurs?", 152-165.

¹⁸⁶ Ralambomahay, *Une Crise Interminable*.

In 2009, Rajoelina had no clear political ideology or agenda beyond that of removing his predecessor. Under the HAT “economic decisions are taken with a view to buying off political opposition and ensuring temporary regime survival, instead of with a view to growing the economy over the long run”.¹⁸⁷ Bachelard and Marcus argue that, “since seizing power in 2009, Rajoelina has done little more than attempt to secure his position in power and those of others in his political and business network. He has governed through significantly reduced international aid resources, amidst quickly eroding popular support. Madagascar is facing the threat of state unravel in which the ability to govern across sectors is diminishing”.¹⁸⁸ Rajoelina largely maintained Ravalomanana’s macroeconomic policies in the hope of attracting FDI under conditions of limited donor support, which has nonetheless roughly halved since the crisis.¹⁸⁹ Domestically, the HAT has implemented fiscal austerity and sharply limited public spending in an effort to curb inflation and keep the economy afloat. Real GDP growth has decreased from 7% in 2008 to -3,7% and -2% in 2009 and 2010, respectively.¹⁹⁰ The cost of food, and critically rice, has risen significantly.¹⁹¹ Transparency International’s corruption perception index ratings for Madagascar – in which lower values indicate higher levels of corruption – fell from 3,4 in 2008 to 3,0 in 2009 and 2,6 in 2010, placing Madagascar in 100th place in terms of levels of public corruption worldwide.¹⁹²

Rajoelina’s repeated impediments to negotiate a political settlement to the crisis resulted in a political and development impasse. He rejected a power-sharing deal signed under the auspices of the Southern African Development Community (SADC) in Maputo between the HAT and the main opposition leaders in August 2009. Talks resumed several months later, where the parties agreed that Rajoelina would remain leader of the HAT but not stand in presidential elections, and that consensus candidates from the various political stakeholders would staff important cabinet positions until elections could be held. Rajoelina then contravened the agreement by appointing a military officer and political ally, Brigadier General Albert Camille Vital, as prime minister. Democratic elections, initially scheduled for November 2010, have been postponed several times. In response to the lack of democratic accountability, and as a sign of their disapproval with the transition process, Madagascar’s traditional donors suspended all non-humanitarian programmes. Economic collapse has been

¹⁸⁷ Dawson and Kelsall, *Anti-developmental Patrimonialism*, 1-33, p. 26.

¹⁸⁸ Bachelard and Marcus, *Country at the Crossroads*, p. 3

¹⁸⁹ Burnod et al., “International Land Deals”.

¹⁹⁰ Economist Intelligence Unit, *Madagascar Country Report*.

¹⁹¹ African Economic Outlook, *Madagascar*.

¹⁹² See <http://www.transparency.org/country#MDG>.

avoided due to fiscal austerity, limited public spending, and mining sector growth, but with no new donor support forthcoming, living standards for the vast majority of the population have deteriorated.¹⁹³

After two years of political deadlock, Rajoelina's government and various opposition parties agreed to a SADC - brokered Roadmap in September 2011. This document stipulated, among other things, that the HAT would permit the appointment of an opposition leader as prime minister whilst the country prepared itself to host new elections and allow for the return of political exiles, including Ravalomanana. Although the Roadmap remains the first and most important step toward restoring democracy in Madagascar, under Rajoelina's leadership the HAT continues to violate its conditions. The principal controversies surround the appointment of the prime minister and Ravalomanana's return to Madagascar. Firstly, where the Roadmap called for the appointment of the interim prime minister to stem from an opposition party, the HAT subsequently bestowed this position on a well-known high-ranking member of the TGV, Omer Beriziky. Secondly, Rajoelina, supported by the army, warned that Ravalomanana would face imprisonment for the murder of protesters during the last days of his presidency.¹⁹⁴ Rajoelina denied Ravalomanana's right to return to Madagascar when the former president's plane was ordered not to land in the capital city and forced to return to Johannesburg in January 2012.

The difficulty of the democratic transition

Two decades of flawed electoral democracy in Madagascar point to four recurring themes hindering progress towards the establishment of a stable political environment. These include the misuse of political power to eliminate or ostracise political opponents, the subversion of the democratic process by elected presidents through democratically sanctioned constitutional amendments, the use of political parties to consolidate neopatrimonial networks, and the difficulties associated with leadership successions. Since 1993, each of Madagascar's presidents has abused its political power to eliminate political opponents, both retrospectively and pre-emptively. Zafy was impeached but not sentenced for crimes committed during his presidency, and both Ratsiraka and Ravalomanana were convicted in absentia. After assuming power, Ravalomanana tried and sentenced Ratsiraka to five years of hard labour for his attempt to convince five of

¹⁹³ Worldbank Databank. See <http://databank.worldbank.org/data/home.aspx>.

¹⁹⁴ Dewar, Massey, and Baker, *Time to Make a Fresh Start*, 1-18.

Madagascar's six provinces to secede from the central government in 2002. His prime minister was convicted of embezzlement and sentenced to twelve years of hard labour after it had been revealed that he had withdrawn almost US \$8 million from state funds before being abrogated of his post.¹⁹⁵ In contrast to Ratsiraka, who had already fled to France, his prime minister served part of his sentence in a Malagasy prison until his deteriorating health caused the Ravalomanana regime to allow his release, upon which he also fled to France. In June 2009, Ravalomanana was in turn fined US \$70 million and sentenced to four years of hard labour by Rajoelina after he escaped to South Africa.¹⁹⁶

Almost all of Madagascar's democratic presidents have altered the constitution to suit their needs through the legitimising instrument of a national referendum. Faced with declining popularity, Zafy enacted a popular referendum in 1995 to enhance his presidential privileges by shifting power away from the prime minister to the presidency. Among other rights, voters were asked to grant the president the ability to fire cabinet ministers and appoint replacements. Shortly after the referendum was approved by 65% of the vote, Zafy replaced his independent-minded prime minister with one of his political allies.¹⁹⁷ Ratsiraka held a referendum in 1998 to amend the constitution that had formalised the end of his Democratic Republic of Madagascar in 1992. The amendments, which included proposals that protected the president from impeachment, created a Senate, and redefined territorial administration to ensure a decentralisation of power to the autonomous provinces, passed with 50,96% of the vote.¹⁹⁸ In an April 2007 referendum, Ravalomanana received 70% approval for a series of constitutional changes, including a controversial proposal to give the president greater power during a state of emergency and a scheme to abolish the provinces and allow municipal and local governments more authority, which weakened Ratsiraka's allies in the eastern provinces.¹⁹⁹ Ravalomanana also included a clause that only allowed individuals whose parents both had Malagasy nationality from being president, effectively barring two of his political opponents from participating in upcoming elections.²⁰⁰

Most recently, Rajoelina held a referendum on the legitimacy of the HAT in November 2010, which heralded Madagascar's Fourth Republic. The ways in which Rajoelina's constitutional amendments were enacted exemplify how the

¹⁹⁵ Leicher, "Not out of the Woods".

¹⁹⁶ Ploch, *Madagascar's Political Crisis*, p. 6.

¹⁹⁷ Allen and Covell, *Historical Dictionary*, p. 275.

¹⁹⁸ Allen and Covell, *Historical Dictionary*, p. 276.

¹⁹⁹ Ploch, *Madagascar's Political Crisis*.

²⁰⁰ Hanke, "Ein Unternehmer wird Praesident". 351-366.

wider population is marginalised from the political machinations of the elite. The referendum was framed as a response to a call from the armed forces to resolve the political crisis amid the discovery of several reported coup plots. It comprised numerous clauses intended to legitimise Rajoelina's government, for instance by allowing him to remain as interim president until conditions allowed for elections to take place. It also lowered the age of eligibility for the presidency from 40 to 35, which theoretically permits Rajoelina, who is under the age of 40, to contest future presidential elections. Almost none of the voters knew specifically what types of changes to the constitution would be brought about by a positive outcome of the referendum. The referendum had been advertised as an opportunity for the people to help hasten the end of the crisis, and the majority of voters were effectively under the impression that voting "yes" would help resolve the political and economic situation.²⁰¹ A public amenability to referendums reflects the generally high number of Malagasy who view their president as trustworthy. In a 2009 survey, 68% of Malagasy stated they trusted him fully, and 72% of respondents claimed that they trusted him in part.²⁰²

Public reverence for the president is mirrored in the way personalities dominate Madagascar's principal political parties. Little distinction is made between the political network of the president, the role of the presidency, or his political party. Instead of being associated with a political ideology or set of policies, political parties in Madagascar have served as instruments of neopatrimonial rule rather than democracy.²⁰³ Every political party in the history of independent Madagascar has been created by a leader at the top of a political network and has been followed by that party controlling the legislature.²⁰⁴ Although there are over 16 political parties in Madagascar and presidential elections are generally contested by a very large number of candidates, Malagasy politics is currently dominated by four parties that are all lead by a former president. These include Zafy's party, the Living Forces Coalition (Forces Vives), Ratsiraka's party, the Association for the Rebirth of Madagascar (AREMA), Ravalomanana's TIM party, and Rajoelina's TGV party.

Zafy's party is a wide-ranging coalition hastily formed in the early-1990s with a vague political ideology based on opposition to AREMA in order to appeal to a wide range of voters and guarantee an electoral win.²⁰⁵ Ratsiraka formed

²⁰¹ Discussions with referendum voters in Antananarivo, November 17, 2010.

²⁰² Afrobarometer, *Madagascans and Democracy*, p. 7.

²⁰³ Marcus and Ratsimbaharison, "Political Parties in Madagascar".

²⁰⁴ World Bank, *Governance and Development Effectiveness*.

²⁰⁵ Gunther and Diamond, *Political Parties and Democracy*.

AREMA in 1976 as a prelude to multiparty competition, but its creation also served to consolidate his own power within a political party. While some reforms within his ruling party were genuine in the sense that they increased the scope for political competition, they were partial and often appeared to be little more than attempts to pre-empt more serious change, and did not satisfy popular demands for political pluralism.²⁰⁶ In time, AREMA became an “elite-clientelist” party that constituted a confederation of traditional and newly created liberal-professional economic elites. Despite his being exiled in France and growing internal dissent within the party in the wake of the 2002 elections, Ratsiraka continues to be viewed by many Malagasy as the undisputed leader of the party and one of the most central figures in Malagasy politics. Ravalomanana’s party, TIM, is an “elite-paternalistic” party because its strength was almost entirely derived from Ravalomanana’s personality and his quest to advance his business interests in tandem with economic growth.²⁰⁷ Similar to Zafy, Rajoelina has assumed the presidency by virtue of his opposition to his predecessor, and his party lacks a coherent political platform. The confluence between his political party and his personality is so intimate that he himself is nicknamed TGV for the speed with which he rose to power.²⁰⁸

The rise and fall of political parties tends to occur in tandem with the crises of leadership successions in the country, underscoring the incongruence between formal democratisation in Madagascar and the extent to which it has been truly institutionalised and accepted by Malagasy politicians. The process of leadership successions in transitional democracies varies according to the extent that it is governed by established procedures, which provides some indication of the extent to which a political system has been institutionalised. In the institutionalised version, political successions conform to a set of predetermined and widely accepted rules, and legitimacy is claimed by virtue of the process of selection to the extent that it honours those rules. When it is not institutionalised, successions are “self-justicatory and the leader is virtually self-selected”.²⁰⁹ All of Madagascar’s democratic presidents have claimed legitimacy through opposition to their predecessor and a set of policies popularised as an intention to “save the nation”, instead of through a consolidated process of democracy, which usually includes compromise, bargaining, or accommodation with opposition groups.²¹⁰ On two occasions, a crisis of succession has erupted into a full blown political impasse and economic paralysis. Both the events of 2002 and 2009 reversed

²⁰⁶ Bratton and van de Walle, *Democratic Experiments*.

²⁰⁷ Marcus and Ratsimbaharison, “Political Parties in Madagascar”, p. 497.

²⁰⁸ “TGV” is the acronym for high-speed railway in France.

²⁰⁹ Govea and Holm, “Crisis, Violence, and Political Succession”, 129-148, p. 130.

²¹⁰ Govea and Holm, “Crisis, Violence, and Political Succession”, 129-148, p. 130.

economic growth trends in Madagascar, implying that high growth rates in Madagascar are not sustainable through a democratic transition of leadership. The two principal characteristics needed for a successful transfer of presidential power, including a dominant political party with a consensual decision-making tradition and an organic bureaucracy insulated from the political process, are noticeably absent in Madagascar's current system of electoral democracy.²¹¹

The convergence between the rise and fall of leading political parties and that of their leaders, and the repetitive crisis of leadership in Madagascar are indicative of how the country's political elite undermines progress towards both democratic consolidation and economic growth. The 2002 election recount clearly showed that the population across all of Madagascar, except for in Ratsiraka's hometown of Toamasina, had voted for Ravalomanana to be their president. They fought for their democratic right and ultimately received it, exposing the gap between Madagascar's liberal democratic populace and its minimally democratic political elite. Although from a strictly legal perspective, Ravalomanana assumed the presidency in an unconstitutional manner, the public support given to him in 2001 and 2002 suggests that he has been Madagascar's most freely elected and democratic president. The crisis of 2009, which occurred just after Ravalomanana had been given a second and very strong mandate by the populace in the 2006 elections, was a clear reminder of the political power wielded by Madagascar's elites. Thus, in Madagascar, "reconstituted patterns of authoritarian rule are anchored in formal, and often internationally sanctioned, multiparty elections".²¹²

New political allegiances are regularly formed within the same political network to topple successive governments and allot economic rents. As noted by Galibert, the persistence of poverty and the multiplicity of political crises in Madagascar does indicate the fading of the state, but rather the extent to which it has become polarized into different factions vying for control over rents, especially in the extractive industries.²¹³ Those who initially supported Ratsiraka, an ethnic Betsimisaraka, in 1975 helped create the social turmoil that led to the political liberalisation and rise of Zafy, an ethnic Tsimihety, in 1993.²¹⁴ In turn, Zafy's impeachment was principally a result of the same forces that helped him acquire power in the first place: "ineffectual leadership squandered the democratic dividend he had been handed, although his time was made difficult by factional jealousies rather than policies".²¹⁵ Ratsiraka lost his hold on power when

²¹¹ Kelsall, *Economic Growth and Political Succession*, 1-55.

²¹² Marcus and Ratsimbaharison, "Political Parties in Madagascar", 495-512, p. 495.

²¹³ Galibert, *Les Gens du Pouvoir à Madagascar*.

²¹⁴ See World Bank, *Governance and Development Effectiveness*.

²¹⁵ Dewar, Massey, and Baker, *Time to Make a Fresh Start*, 1-18, p. 4.

important coastal and Merina leaders felt marginalised and the elite unity became fractured, partly because Ratsiraka's expanding state strangulation role across sectors threatened their rents.²¹⁶ Likewise, Ravalomanana's decline ultimately sprang from the fact that he was a self-made Merina from a lower caste, and that his economic success came at too high a cost for the influential Merina families and their partners.

Malagasy civil society

After more than two decades of quasi-military rule under Ratsiraka, in the 1990s Malagasy civil society initially flourished as citizens found novel ways to express their opinions. Madagascar's media sector, for instance, is quite vibrant. Since 1993, successive waves of investment in private media have endowed Madagascar with roughly 200 print media, 100 radio stations, nearly 20 television stations, and eight Internet suppliers.²¹⁷ Various members of the elite families own the country's four daily newspapers with the highest distribution rates, but Madagascar's media sector is relatively liberal.²¹⁸ The media outlets first published Ravalomanana's initial win after the church group, which helped galvanise the population of Antananarivo to protest against Ratsiraka, proclaimed it. It has also generally played an important role during the current political crisis. Without the support of the media, the speed and assuredness with which Ravalomanana was able to consolidate his win is questionable.

Marcus argues that in contrast to many African states that have been shaped by a history of domination by "big men", Madagascar's civil society and social movements define its political space.²¹⁹ However, his assessment that "no leader has had as much influence on the nature of the political system, or its dynamics, as the anti-colonial uprising of 1947, the military's dissolution of the First Republic in 1972, the popular strikes of 1991, or the populist support for "democracy" that balkanised the country in 2002", is not entirely accurate.²²⁰ It overlooks the fact that most of the Malagasy presidents created the uprisings that led to their eventual downfall themselves and rarely rewarded their popular supporters for their assistance. The arrival in Antananarivo of large numbers of

²¹⁶ World Bank, *Governance and Development Effectiveness*.

²¹⁷ Andriantsoa, Andriasendrarivony, Haggblade, Minten, Rakotojoana, Rakotovoavy, and Razafinimanana, "Media Proliferation", 139-1957, p. 1946.

²¹⁸ Andriantsoa et al., "Media Proliferation", 139-1957.

²¹⁹ Marcus, *Political Change in Madagascar*, p. 1.

²²⁰ Marcus, *Political Change in Madagascar*, p. 1.

young people every year looking for employment creates a volatile atmosphere that is easily exploited by politicians. Ellis argues that in Madagascar, the ability to control the “urban mob” is significant in national politics. Furthermore, “behind this social phenomenon lies a factor rarely spoken of in public: that many of Antananarivo's urban poor are the descendants of slaves”.²²¹ For example, Ravalomanana began limiting press freedoms and closing private media outlets after they had played such an important role in his struggle for power. Although the urban uprising in 2002 resembled an organised civil society movement, it ultimately proved to be unsustainable. In the end, the “aborted Malagasy culture of political change, which in the beginning looked quite promising to national and international observers, proved to be weakly anchored within the civil society. It was relegated by its own proponents to a shadowy existence beside the reinforced new power brokers”.²²² The strength of social movements in Madagascar is not derived from civil society per se, but paradoxically from the power of the presidency and the ability of Madagascar’s “big men” to influence social movements.

Poverty, low levels of education, and a high rate of urban youth mean that where Malagasy civil society is organised, it is very piecemeal and easily influenced. The various groups of significant actors within Malagasy civil society suffer from major structural deficiencies. Key challenges faced by civil society organisations include a weak enabling environment, a limited presence throughout the country beyond the capital, governance constraints, and a dearth of sustained financing. The deeply rooted centrality of the state has also ensured that most associations, where they exist, do not have the capacity to intervene in the political sphere.²²³ Political action organisations are being consulted in the current political negotiations, but they lack real influence in the national political arena.²²⁴ The better-funded civil society organisations are the environmental groups and the bigger organisations such as the Red Cross. However, the environmental groups only survive on substantial support from international initiatives and benefactors, and politician’s wives generally run the humanitarian organisations.²²⁵ Consumer federations and trade unions are also small and relatively immobilised. There are a total of six consumer associations in Madagascar, which are grouped together under the Malagasy Federation of Consumer Associations. These associations enjoy a point of contact with the government through the consumer services

²²¹ Ellis, “Roots of Turmoil”.

²²² Kohnert, *Are Non-State Actors Better Innovators?*, 1-19, p. 14.

²²³ World Bank, *Governance and Development Effectiveness*.

²²⁴ Valette, *Non-state Actors in Madagascar*.

²²⁵ Interviews with the representative of a local consumer association and the WWF, December 8, 2010 and September 16, 2011.

section of the Interior Commerce Department at the Ministry of Commerce, but their initiatives rarely lead to substantive policy changes. Several trade unions also exist, but they have very little political influence, and consultation processes between the unions and government Ministries are not institutionalised. In 1997, 13 of the country's most important trade unions unified into the Malagasy Workers Conference to strengthen their bargaining power, but the syndicate remains politically weak and hampered by Madagascar's informal economy.²²⁶

The politically most powerful entity in Malagasy civil society is the church. The important roles of religious institutions in Madagascar, which stem from a deep social reverence for ancestral histories embodied in the relationship between the living and the dead, are well documented.²²⁷ The veneration of ancestors is common to all ethnicities in Madagascar and represents a fundamental aspect of the Malagasy national psyche that helps explain the entrenched structures of social and political power. Razafindralambo argues that social relations among the Merina on the highlands of Madagascar can be understood only in relation to the division of the population into two major social categories based on the assumed status of ancestors.²²⁸ The resulting conceptions and behaviours mark a separation between members of these two categories in everyday life, and thus help maintain the relatively rigid social and political hierarchy. Ancestors play a critical role in the construction of authority by linking those in power to a timeless, transcendent order.

Due to their extensive networks, a long record of development work with donor funding, and credibility in the public arena, the Christian churches play an important role in the politics of development in Madagascar. The highly developed structures and networks of religious institutions afford them a social coverage that is unparalleled in civil society. They have acted as service providers as well as civic educators (on issues such as anti-corruption) and democracy watchdogs (human rights and election monitoring).²²⁹ The Malagasy Council of Christian Churches (FFKM) is the umbrella organisation for the country's four principal Christian denominations. Although the FFKM has sometimes taken an overt position on political issues, in the political arena it has often served as a mediator, bringing together antagonistic factions. The FFKM encompasses the Catholic Church (EKAR), the Church of Jesus Christ of Madagascar (FJKM), the

²²⁶ Interview with the director of Friedrich Ebert Stiftung, a German NGO working with Malagasy trade unions, September 20, 2010.

²²⁷ See Bloch, *Placing the Dead*, or Middleton, *Ancestors, Power, and History*, for a detailed analysis of the relations between religion, ancestors, and power in Malagasy history.

²²⁸ Razafindralambo, "Inégalité, Exclusion", 879-903.

²²⁹ Valette, *Non-state Actors in Madagascar*.

Lutheran Church, and the Anglican Church. The FFKM has come to be seen as a moral force in Madagascar. It has been one of the few effective components of civil society, intervening between the state and the citizen. It legitimates itself by pointing not towards its voluntary and humanitarian activities but towards the 60% to 70% of Malagasy who claim to be Christian.²³⁰ As a result, the big families have been influential members of the church and have used this institution to further their political interests. Today, serving the church can be considered less as building of civil society credentials and more as the construction of alliances with certain longstanding political networks.²³¹ The instrumentalisation of religious rivalry for political purposes reached a zenith when the rivalry between Ravalomanana and Rajoelina in 2009 pitted the New Protestant Church in Madagascar against the FJKM, where Ravalomanana was a pastor.²³²

Despite the prevalence of clan-based politics, Malagasy society as a whole is not fundamentally ethnic or particularly violent, and the army has often played the role of peacemaker. In general, ethnic strife has been uncommon, and overt and large-scale conflict between political opponents or deaths among political demonstrators has been relatively limited. Fears of ethnic conflict were raised in 2002, but the issue largely remained one between Ratsiraka and Ravalomanana supporters. Domestic capabilities for peaceful conflict management, evidenced by the strength of social movements and the often-restrained actions of the Malagasy military in political conflicts, are relatively high. This suggests that problems of national identity and national cohesiveness in Madagascar are low. This characteristic can be traced back to strong traditional and cultural values in Malagasy society that are mirrored by the concepts called *Fihavanana* and *Raiamandreny*, which, broadly understood, denote the idea of solidarity.

Conclusion

Madagascar contains many of the elements needed for economic growth and development, including extensive mineral wealth, a low population to land ratio, national cohesiveness, a low penchant for civil violence, and due to its tactical location in the Indian Ocean, is of strategic interest to foreign donors and investors. Additionally, Madagascar has a continuous history as a state and its

²³⁰ World Bank, *Governance and Development Effectiveness*.

²³¹ World Bank, *Governance and Development Effectiveness*.

²³² Gingembre, "Matches Religieuse en Terrain Politiques", 51-72.

people have a unified sense of Malagasy nationhood. Despite being conscious of their different ethnicities, Malagasy society as a whole is decidedly Malagasy, and the country's history of political domination by the Merina signifies a societal acquiescence of a centralised power structure. Nonetheless, in 2011, Madagascar ranked as the 9th poorest country in the world in terms of GDP per capita.²³³ This chapter has attempted to shed light on how the socio-economic dynamics that originated in the pre-colonial era and were reinforced through colonial policies have manifested themselves in a contemporary politics of development that is determined by the intricacies of elite bargaining.

Neither Ratsiraka's state-led development project, nor the perfunctory attempts by the political elite to consolidate democracy and development in tandem with significant donor support have resulted in tangible benefits for the majority of Malagasy. Rather than being developmental, the power of Madagascar's elites to subvert the political decision-making process for personal enrichment suggests that Malagasy politics, economics, societal traditions, and economic development are inextricably intertwined in an anti-developmental manner. Patterns of patron-client networks, ethnic, and class-based politics continue to exert a vigorous hold on political and economic processes in Madagascar, but these must be understood as rooted in historical and socially institutionalised patterns of thought and internal social and political organisation. Kinship, ancestral ties, and heterodox interpretations of time, for instance, influence development processes in Madagascar in important ways.

²³³ United States, "Country Factbook-Madagascar".

Chapter 3: Madagascar's politics of development from 2002 - 2008

Introduction

In this chapter, I explore Madagascar's politics of development from 2002 to 2008 and investigate to what extent the Malagasy government under the regime of Marc Ravalomanana was developmental. This discussion is framed by the concept of the developmental state, which grew out of the experiences of Japan, Taiwan, South Korea, Hong Kong, and Singapore in the 1970s and 1980s. These countries experienced unprecedented rates of economic growth and industrialisation through state-led development policies that differed significantly from the neo-liberal development orthodoxy of the time. Developmental state proponents questioned the value of unfettered markets, leading a concern with "bringing the state back in" to development and finding the right balance between state and market forces to pursue economic growth.²³⁴ Leftwich defines a developmental state as "ones whose politics have concentrated sufficient power, autonomy, and capacity at its centre to shape, pursue, and encourage the achievement of explicit developmental objectives".²³⁵ The applicability of the developmental state concept to Africa remains contested, but the most clearly accepted cases of African developmental states, including principally Mauritius and Botswana, demonstrate that when adapted to local contexts, developmental leadership can facilitate long-term and widespread economic growth in Africa.²³⁶ The discussion is thus progressively shifting towards an acceptance that the concept of a developmental state offers a useful analytical framework with which to analyse the tensions between the state, society, and economic growth in contemporary African contexts.

Between 2002 and 2008, the Malagasy government broadly displayed certain elements of a developmental state. These include a clearly defined vision for economic growth, the centralisation of rents, an emphasis on infrastructure and education as pre-requisites of growth, the attraction of foreign donor support and investments, and an overall positive growth trajectory. The strength of the presidency in Madagascar and Ravalomanana's popularity more generally

²³⁴ Evans, Rueschemeyer and Skocpol, *Bringing the State Back In*, and Amsden, *Asia's Next Giant*.

²³⁵ Leftwich, *Democracy and Development*, p. 104.

²³⁶ See Meisenhelder, "The Developmental State in Mauritius", 279-297, and Hwedi, "The State and Development", 19-31.

allowed him to amass the support of civil society and the wider population and push through economic reforms. As the political turmoil abated after the standoff with Ratsiraka in mid-2002, Madagascar embarked on an ambitious transformation towards a hybrid mix of state-led capitalist development that brought gradual but important improvements in both economic and human development indicators. By 2008, Ravalomanana's policies had exerted visibly positive impacts throughout the country, especially in the capital where he had upgraded transport infrastructure, repaired potholes, constructed a multilane highway to the airport, and regulated street vendors, taxi licensing, and market places.

However, Ravalomanana's Madagascar was not a developmental state *per se*. Rather, a non-developmental Malagasy state was under the rule of a development-oriented government. In a developmental state, the government and business society are conceptualised as two distinct yet related institutions that must cooperate with each other to achieve economic growth. A state is considered developmental when the government demonstrates a definitive commitment to deploy its administrative and political resources in the pursuit of growth and cooperates with the private sector to achieve this goal. Under Ravalomanana, government-business relations were characterised more by neopatrimonialism and crony capitalism than by national cohesion. Ravalomanana's economic policies were pro-growth, but by prioritising his private interest over the national one they were also dysfunctional because they excluded influential members of the local elite from his developmental agenda. This process so upset the existing balance of local politics that it led to the coup of 2009.

Ravalomanana's regime eventually succumbed to internal pressures from a coalition composed of Madagascar's big families, French interests, and elements of the Indian-Pakistani (locally known as the Karana) business elite, which was able to mobilise the masses against him and erode his initially strong support among the public. Ravalomanana was not born into one of Madagascar's big families, but part of the country's new and small economic elite that has existed in an uneasy alliance with the traditional elite since the advent of economic liberalisation in the 1990s. He was a self-made millionaire who rose to political prominence through his corporate identity and exploited his position of authority to facilitate the expansion of his business empire. Although he was extremely successful in all of his business ventures and seemed to be placing Madagascar on a path towards prosperity, he became excessively corrupt and alienated too many members of Madagascar's elite. The underlying social and political dynamics that have repeatedly undermined development processes in Madagascar thus also thwarted the progress made by Ravalomanana's regime.

This chapter commences with a discussion of the developmental state concept and an exploration of African developmental states, with a closer look at the examples of Mauritius and Botswana. I then explore Ravalomanana's agenda for development within this framework. I explain his vision for development and show that his policies resulted in both macroeconomic growth and the enhanced wellbeing of the population. I then discuss the economic basis of Ravalomanana's rise to power and describe how he utilised his corporate identity and the power of the church to gain political support. I analyse why Ravalomanana ultimately failed to unite Madagascar's political and economic elite to support his agenda by interrogating the complex relations between state and society in Madagascar that transpired during his regime. Finally, I highlight the differences between Ravalomanana's government and those of the neopatrimonial developmentalist government in Rwanda.

The developmental state

Chalmers Johnson first introduced the concept of the developmental state in 1982 when he argued that Japan's post-war recovery, marked by heavy investment in infrastructure projects and fast rates of economic growth, was chiefly accredited to the far-sighted economic intervention policies by elements of the Japanese state. Johnson included the presence of a small, professional and efficient state bureaucracy, a socio-political environment in which the political elite can operate and define policy independently of interventions by vested interests, a combination of planned political economy and free market principles, and a pilot organisation ultimately guiding this process as the defining features of a developmental state.²³⁷ The state is the primary actor in development processes because it guides economic policy. As argued by Fine, the "gathering experience and study of the East Asian newly industrialised countries, and their success in comparison with failures elsewhere, have increasingly revealed that the multiplicity and complexity of conditions required for industrialisation...depend on appropriate political capabilities being present and deployed in ways that vary from sector to sector and country to country".²³⁸ From a political perspective, the characteristics of the state, state-society relations, the existence of a developmental elite capable of implementing a developmental vision, and an external geopolitical environment conducive to state-led development are paramount.

²³⁷ Johnson, *MITI and the Japanese Miracle*.

²³⁸ Fine, "The Developmental State", 101-122, p. 105.

The state is the central agent in society and an arbitrator and regulator in times of economic change. It acts as a facilitator of private capital accumulation and sometimes assumes the role of entrepreneur itself. The success of the developmental state depends to a large degree on its internal organisation and the ways in which it has divided responsibilities for managing economic policies among different agencies and institutions. Johnson made an important distinction between a state that regulates the market and one that develops and manages relations between the private sector and the market. According to Johnson, a regulatory state governs the economy mainly through regulatory agencies that are empowered to enforce a variety of standards of behaviour to protect the public against market failures of various sorts, including monopolistic pricing, predation, and other abuses of market power, and by providing collective goods that otherwise would be undersupplied by the market.²³⁹ In contrast, a developmental state intervenes more directly in the economy by picking winners among local industries and businesses through a variety of means to promote the growth of new industries.²⁴⁰

A developmental state is further characterised by a very particular relationship between the state and society. Industry is crucial to the growth of the economy, but the state is responsible for engineering a regulatory environment that facilitates the success of industrial conglomerates. Conversely, the state needs private social capital for its economic growth, but it is dependent on economic actors believing in its developmental vision, following its regulations, and directing capital along what the state deems to be profitable avenues. To maintain this delicate balance, the state must be “embedded” in a concrete but complex set of social ties that bind it to local actors and provide institutional channels for the constant negotiation of goals and policies between state and society.²⁴¹ Yet the preservation of clearly delineated boundaries between opposing forces, such as local and central power, private and public realms, and political stability and economic necessities, is equally vital, and must underpin the social embeddedness of the state.²⁴² These margins protect the political elite from being captured by particular societal interests that may obstruct developmental goals. Due to its strategic position within the state apparatus and society, a political elite can also provide a vision of the future development of the economy around which other agents in society can coordinate their actions.²⁴³ Although the policies, bureaucracies, and levels of capacities and competences differed among the

²³⁹ Johnson, *MITI and the Japanese Miracle*.

²⁴⁰ Wade, *Governing the Market*.

²⁴¹ Evans, *Embedded Autonomy*.

²⁴² Kohli, *State-directed Development*.

²⁴³ Fritz and Menocal, “Developmental States”, 531-552.

developmental states in East Asia, all displayed a deep commitment to economic growth through the institutionalisation of development policies grounded in nationalism and a sense of developmental urgency that transcended national ethnic, religious, political, and social cleavages.²⁴⁴

The legitimacy of the traditional developmental state was based on significant improvements in standards of living for a broad cross section of society rather than on popular electoral support. Autocratic governments oversaw economic growth in Singapore, South Korea, Thailand, Indonesia, Malaysia, and Taiwan, and even Japan remained a one party state during its phase of rapid industrialisation.²⁴⁵ A focus on democratic practices is thought to divert attention away from the immediate developmental needs of a country, and “leads to indiscipline and disorderly conduct that are inimical to long-term development”.²⁴⁶ The mobilisation of the population to make sacrifices to achieve developmental ends has further been identified as the key advantage an authoritarian regime has over a democratic one in terms of its developmental potential.²⁴⁷ Paradoxically, the institutional mixes and various economic, civil, and political liberties often found in the Asian developmental states provided the virtues that have been held to be peculiar to democracy, such as conditions of stability, security, and openness and information, but not in virtue of providing democracy itself.²⁴⁸

The Asian developmental states also benefitted from specific modes of interaction between international conditions, domestic politics, and industrial policies that enabled them to formulate and implement economic goals. Whilst the global context in which developmental states arose has sometimes been overlooked in preference for examining the domestic structures of the state, it occupied a significant role. The emergence of the Asian developmental states cannot be understood outside of the Cold War context and particularly their relationship with the US.²⁴⁹ Taiwan, South Korea, and Japan were all strategically important for the US during the Cold War period and received significant diplomatic, financial, and in some cases military aid from it. They also profited from a booming US economy through trade agreements.²⁵⁰ Cold War geopolitics further allowed developmental states to implement industrial policies that sometimes jarred with the neo-liberal economic development orthodoxy of the

²⁴⁴ Chang and Rowthorne, *The Role of the State*.

²⁴⁵ Edigheji, *Constructing a Democratic Developmental State*.

²⁴⁶ Bhagwati, “Democracy and Development”, 151-162, p. 151.

²⁴⁷ Johnson, *MITI and the Japanese Miracle*.

²⁴⁸ Chang, *Rethinking Development Economics*.

²⁴⁹ Routley, *Developmental States*.

²⁵⁰ Pempel, “The Developmental Regime”, 137-181.

Western powers in the 1980s. Related to the US support, the urgency of economic development that propelled the developmental state forward against the existing economic orthodoxy has been attributed to a “systemic vulnerability” and a perception of extremely intensive and long-term external existential threats. This was especially the case in South Korea and Taiwan, and played a key role in creating cohesive states with a consistent commitment of otherwise self-interested politicians and bureaucrats to put group interests ahead of their own.²⁵¹

The African developmental state

There is a widespread view that the type of state-led economic growth witnessed in Asia is not replicable in Africa. On a practical level, this is attributed to the absence of state capacity, the inability of the state to resist capture by special interest groups, and the associated lack of a developmental elite. The assertion that a developmental state can provide a vision of the future development of the economy around which other agents can coordinate their actions implies a normative role for the state, which is credited with knowing how to employ the right mix of interventionist and neoliberal policies while respecting the rights of its citizens. The elusive nature of this type of state-society relations in Africa is widely attributed to the “weakness” of African states, which lack the capacity to implement economic reform and resist capture by self-interested elements in society.²⁵² The inability of the state to resist capture is in turn characterised by the permeability of the political leadership in relation to the local industrial and business elites around it.²⁵³ A “patrimonial logic”, where officeholders almost systematically appropriate public resources for their own uses and political authority is largely based on patron-client practices, including patronage, various forms of rent seeking and prebendalism, has been identified a primary factor impeding equitable and sustainable economic development in African countries.²⁵⁴ Within these social structures, heavy state intervention aggravates existing predatory rent-seeking activities.²⁵⁵ Under conditions of clientelism commonly found in African countries, greater accountability can mean greater demands on patrons, more competition for resources, and increasing

²⁵¹ Meyns and Musamba, *The Developmental State in Africa*.

²⁵² Reno, *Warlord Politics*.

²⁵³ Lockwood, *The State They're In*.

²⁵⁴ van de Walle, *African Economies*.

²⁵⁵ Rent-seeking theorists in particular argue that heavy state intervention necessarily leads to rent-seeking activity. See Krueger, “Political Economy of Rent-seeking States”, 291-303.

political instability as patronage networks break down.²⁵⁶ This manifests itself in the mismanagement of state resources, inefficiency, corruption, and a frail judicial system.²⁵⁷ Instead of strengthening private accumulation, the African political elite diverts resources away from productive investment, appropriates them for themselves, and imports foreign goods to fill the vacuum. Economic stagnation in Africa has been directly attributed to the rational choices made by African elites.²⁵⁸

Post-independence experiences with state-led development helped erode the extent to which African states are perceived as capable of formulating and implementing successful economic development policies. In the 1960s and 1970s, the sudden onset of independence left many states with a fragmented private sector that necessitated a statist approach to economic growth. Leaders in countries such as Côte d'Ivoire (1960-75), Kenya (1965-75), and Malawi (1961-78) attempted to industrialise their economies by implementing state-led development strategies. The state became the main economic actor involved in a wide range of activities that included not only social and economic infrastructure, but also the ownership and management of productive industry. This far-reaching state involvement also reflected the nationalist ideology of overcoming colonial and capitalist control of the economy and the concomitant neglect of human development.²⁵⁹ However, post-colonial regimes in Africa sought to consolidate their own power and implemented interventionist policies in order to facilitate the appropriation of wealth by means of state power.²⁶⁰ While some improvements were made in social sectors, overall economic development remained elusive. Post-independence state-led interventions in Africa ultimately led to the “lost decade” of the 1980s, when debts spiralled out of control and poverty rates across the continent increased.²⁶¹

The transferability of a development model to Africa is further contested because the Asian developmental states were conceived at a specific point in time and under a particular set of circumstances. The East Asian financial crisis of the late-1990s has in particular cemented the viewpoint that the developmental state concept is anchored to the experience of Asian economies in the 1980s. The crisis suggested that even the developmental successes of the Asian industrialisers were no longer tenable within the changing global economic environment. Since the

²⁵⁶ Chabal, “The Quest for Good Government”, 447-462.

²⁵⁷ Sandbrook, *Closing the Circle*.

²⁵⁸ Bates, *When Things Fell Apart*.

²⁵⁹ Meyns and Musamba, *The Developmental State in Africa*.

²⁶⁰ Ake, *Democracy and Development*.

²⁶¹ Botchway and Moudad, 2012: 17.

strategies of developmental states are aimed at enhancing the global competitiveness of their economies, their fortunes are closely interwoven with international market forces. The tolerant geopolitical environment, which saw the US privilege systemic strategic issues over narrower national economic interests, has been overturned. Instead, Western conceptions of economic development and good governance are being promoted through an international regulatory framework that governs to what extent developing economies can determine their political and economic policies within an array of multilateral economic organisations, international treaties, and bilateral agreements. This altered geopolitical context ostensibly allows African states considerably less leeway to actively participate in the governing of their economies. A rhetorical commitment to liberalisation “shrinks” the development space for diversification and upgrading policies in developing countries.²⁶² The African developmental state is consequentially viewed as limited by its own internal dynamics and by increasing international pressure to liberalise economically and politically. As Hillbom maintains “the East Asian developmental model is very specific and applicable only to a minority of developed and developing countries. Instead of watering it down to fit a broad range of development processes the concept should keep its distinctive features or risk losing its explanatory value”.

The arguments against an African developmental state are summarised by what Mkandawire terms an “impossibility thesis”.²⁶³ According to Mkandawire, the state in Africa is vilified to the extent that the most accepted case against developmental states “is not faith in flawless markets but rather that whatever the degree of market failure African states cannot correct them in ways that do not make them worse”.²⁶⁴ The impossibility thesis is characterised more by an ideological preference for the market approach to development rather than on a careful analysis of the role of the state in development. Critiques against the African developmental state simultaneously call for the existence of a developmental state, but doubt the ability of the African state to implement the correct policies. Utilising the low levels of economic growth in Africa to explain their lack of developmentalism is also somewhat tautological “...since evidence that the state is developmental is often drawn deductively from the performance of the economy”.²⁶⁵ Lastly, the arguments against an African developmental state describe in a rather sweeping and general sense (and without a critical analysis of their differential performances), the African state at a particular historic juncture

²⁶² Wade, “Strategies for developing Countries Today”, 621-644.

²⁶³ Mkandawire, “Thinking About Developmental States”, 289-313.

²⁶⁴ Mkandawire, “Thinking About Developmental States”, 289-313, p. 295.

²⁶⁵ Mkandawire, “Thinking About Developmental States”, 289-313, p. 290.

in the continent's development trajectory - mainly from about the mid-to-late-1970s - to explain why African societies never were and never will be developmental.²⁶⁶

Critical appraisals of the African developmental state overlook the differences between a model and a paradigm of a developmental state. As noted by Woo-Cumings, "the act of rethinking [the developmental state] should give us pause: there was never a consensus about the nature and causes of development in East Asia".²⁶⁷ African states should not aim for a replication of an Asian model of the developmental state.²⁶⁸ A flexible and broad conceptualisation of a developmental state "underscores the ways in which political power, if wielded astutely, can contribute positively to a nation's economic well-being".²⁶⁹ It also underlines the transferability of one key lesson: that the ability of a society to adapt and reinvent itself to match its development needs to its national and international contexts is paramount to the success of a developmental state. In a contemporary, "21st century developmental state", the state remains the central motivator in the development process, but since new dynamics and actors are influencing the process itself, the path towards economic growth must be adapted to incorporate more intangible but still growth-enhancing goals related to health, education, and skills transfers.²⁷⁰ A paradigm of a flexible development state, which "nurtures networks of production and innovation to attract foreign investments and links local and global technology and business networks together in ways that promote domestic development within the contexts of globalisation," is conducive to the analysis.²⁷¹ In sum, the concept of a developmental state is in a process of transformation because it must adapt and reinvent itself to fit in the new global economic order, but it is not redundant.²⁷²

Examples of African developmental states

Since most African states are today nominally democratic and because most of the clear examples of authoritarian developmental states in Africa from the immediate post-independence era failed to engender sustainable or widespread

²⁶⁶ Mkandawire, "Thinking About Developmental States", 289-313.

²⁶⁷ Woo-Cumings, *The Developmental State*, p. x

²⁶⁸ See Mbabazi and Taylor, *The Potentiality of Developmental States*.

²⁶⁹ Pempel, "The Developmental Regime", 137-181, p. 140.

²⁷⁰ Evans, *The 21st Century Developmental State*.

²⁷¹ O'Riain, "The Flexible Developmental State", 157-193. O'Riain's analysis focuses on the case of Ireland but it is applicable to the African context.

²⁷² See Weiss, *The Myth of the Powerless State*.

economic growth, the African developmental state is generally conceptualised as a democratic developmental state. Robinson and White argue that in situations where democracy is already in place and unlikely to be reversed due to international pressures, one should not question which form of government is more conducive to development. Instead, one ought to inquire, “to what extent and in what ways the parallel priorities of a democratic political system and an effective developmental state can be achieved concurrently”.²⁷³ The United Nations Conference on Trade and Development (UNCTAD) similarly maintains that the necessary ingredients are in place for African countries to tackle their developmental challenges by employing a pragmatic mix of state-led and market policies and taking into consideration country-specific developmental challenges within the framework of a democratic developmental state.²⁷⁴ In a democratic developmental state, the political leadership and its institutional groups enjoy a reasonable measure of autonomy from society, but they simultaneously align with groups, classes, and institutions to facilitate the delivery of its set developmental objectives. The defining features of such a state are accountability, responsiveness, transparency, democratic governance, autonomy, and a people-centred development strategy that can promote delivery of the public good.²⁷⁵ The process of changing from a weak democracy to one with developmental capabilities is one of institutional accumulation that must occur gradually and, crucially, it must happen organically.²⁷⁶

Mauritius and Botswana are most often highlighted as contemporary examples of established African developmental states. Successful records of peaceful economic development in Botswana and Mauritius are attributed to their democratic systems of government, which, due to the need for accountability and responsiveness to electorates, are compelled to select appropriate economic policies for the efficient allocation and utilisation of resources and to provide sufficient incentives to foreign investors to propel development.²⁷⁷ Mkandawire argues: “the first few examples of developmental states were authoritarian. The new ones will have to be democratic, and it is encouraging that the two most cited examples of such 'democratic developmental states' are both African - Botswana and Mauritius”.²⁷⁸ However, rather than underlining the constructive role of democracy in the African developmental state, the examples of Botswana and Mauritius buttress the counter-argument that the establishment of effective

²⁷³ Robinson and White, *The Democratic Developmental State*, p. 26.

²⁷⁴ United Nations Conference on Trade and Development (UNCTAD), *Reclaiming Policy Space*.

²⁷⁵ Omoweh, “Introduction”, 1-22.

²⁷⁶ Sklar, “Towards a Theory”, 25-54.

²⁷⁷ Hwedi, “The State and Development”, 19-31, p. 29.

²⁷⁸ Mkandawire, “Thinking About Developmental States”, 289-313, p. 310.

institutions ought to take prominence over whether or not they should be democratic.

Although Mauritius has a functioning multiparty democracy and has implemented industrial policies to spur export-led growth, it differs from many mainland African cases because it is a small, resource-poor island populated principally by migrant settlers whose state-society relations were influenced by various different forms of colonial rule, including Dutch, French, and English.²⁷⁹ The emergence of a society with dense associational ties with the state through land-holding reforms in the 19th century meant that Mauritius largely lacks the traditional and entrenched forms of neopatrimonial social and political organisation often evidenced throughout the African continent. Tight associational ties between the state and industrial society helped create a constructive state-society synergy, which promoted broad-based development by engaging and strengthening both state institutions and societal associations. This endowed Mauritius with the institutions necessary to initiate inclusive development strategies after independence.²⁸⁰ It also led to the consolidation of a functioning multi-party democracy on the island, with three parties, the Labour Party, the Movement Militant Mauricien, and the Movement Socialiste Militant alternating power in Mauritius since 1970.

Mauritius was a heavily interventionist state that first determined industrial policy by negotiating market access for its sugar industry and other commodities, and later by creating an EPZ. The Mauritian EPZ was modelled on the experiences of the East Asian industrialisers, especially Taiwan. The government created the Mauritius Export Development and Investment Authority in 1983 as a centralised institution to support the development of the EPZ. The EPZ formed part of a Mauritian strategy to implement the “flying geese” paradigm, which denotes the use of a state’s latecomer advantage to emulate faster developing economies and build up local industries that grow dynamically in the more developed countries.²⁸¹ The EPZ was designed to attract investors through incentives that included duty-free exports, a free tax zone, cheap but skilled labour, and profit mobility. Export manufacturing became the primary means to achieve developmental ends. Crucially, government policy in Mauritius had targeted the education and social services, which resulted in a relatively cheap, skilled, and stable labour force crucial for the successful export of locally

²⁷⁹ Meisenhelder, “The Developmental State in Mauritius”, 279-297.

²⁸⁰ Lange, “Embedding the Colonial State”, 397-423.

²⁸¹ The flying geese paradigm was popularised by Akamatsu, “A Historical Pattern of Economic Growth”, 3-25.

manufactured goods.²⁸² The state was able to use its popular legitimacy to promote export-led industrialisation in the 1970s and 1980s, with rates of success that rivalled the East Asian economies.²⁸³ Whereas in the 1970s, Mauritians flew to Antananarivo to buy French products and conduct business, today it is the other way around.²⁸⁴ These factors render Mauritius a democratic developmental state, but arguably not an African one.

Botswana, on the other hand, is an African developmental state, but not necessarily a multi-party democracy. Hillbom disputes the definition of Botswana as a developmental state due to its dependency on natural resources, dearth of economic diversification, the lack of thorough industrialisation strategies, and the ongoing close connection between the government bureaucracy and the cattle-keeping elite. However, as pointed out by Taylor, who approaches the debate from a more political and state-oriented than economic perspective, Botswana has “broadly pursued certain policies” that are considered developmental.²⁸⁵ Since independence in 1966, Botswana has been a *de facto* one party state with “an electoral process that is symbolic of a style of political rule rather than a source of alternative political leadership”.²⁸⁶ The legitimacy of the state was principally based on the elite’s commitment to development and on its ability to implement industrial policies. During colonialism, colonial elites and prosperous cattle farmers had dominated Botswana’s economy, and beef exports had accounted for the majority of export earnings. By independence, beef accounted for 85% of Botswana’s export earnings.²⁸⁷ Shortly after independence, Botswana’s government nationalised the mining industry and formed a joint venture with De Beers, a South African diamond company. Revenues from the diamond industry continue to drive economic growth rates, which have been among the fastest in the world. The implementation of development policy was institutionalised through the creation of a centralised economic agency, the Ministry of Finance and Development Planning. Using the windfalls from the diamond industry, Botswana’s government has heavily invested in public infrastructures and social services, which have brought significant benefits to the wider population.²⁸⁸

²⁸² Meisenhelder, “Developmental State in Mauritius”, 89-297.

²⁸³ Sandbrook, “Interrogating Mauritius”, 549-581.

²⁸⁴ This is despite the fact that Madagascar has extensive natural resources, an abundance of land, a much larger labour force, a similar historical relationship with the Chinese, and an arguably better geographical location closer to mainland Africa. Discussion with a Mauritian economist at the IMF, August 26, 2012.

²⁸⁵ Taylor, “Botswana as a ‘Development-Oriented Gate-keeping State’”, 466-476.

²⁸⁶ Picard, *Politics of Development in Botswana*, p. 271.

²⁸⁷ Hillbom, “Botswana”, 67-89, p. 79.

²⁸⁸ Sandbrook, “Interrogating Mauritius”, 549-581.

A primary reason for the success of Botswana's elite to guide economic growth is attributed to its widespread legitimacy, which is partly based on the country's pre-colonial and indigenous institutions. Unlike many post-colonial African nations who sought to make a break from their past by modernising, Botswana's post-independence leadership embraced some of the more important indigenous institutions, which effectively legitimised the state despite it being dominated by a single party.²⁸⁹ The construction of a post-colonial historic bloc and a broad hegemonic project underpinning the chosen developmental path granted the dominant party an enduring form of legitimacy almost unprecedented in the rest of Africa.²⁹⁰ The country's ethnic homogeneity, evidenced by its linguistic cohesiveness, facilitated the construction of a cohesive, national development project undeterred by ethnic political rivalries. Surrounded by white settler-dominated southern Africa, the country also faced an immediate developmental threat at independence. The socio-economic elite, which hailed from the same ethnic group as the majority of the population, transcended colonial and post-colonial histories to establish a developmental state apparatus with strong institutions.²⁹¹ The fact that they did not have to maintain an excessive network of clients to keep their dominant group in power meant that the state elites were able to retain an important element of autonomy from society.

A development-oriented government in Madagascar?

In contrast to the cases discussed above, under Ravalomanana the Malagasy government was not able to adequately balance levels of autonomy and cooperation with society and was thus development-oriented rather than the leading institution of a developmental state. Crucially, Ravalomanana had a clear, long-term vision of an industrially and socially accelerated development for Madagascar. With the launching of "Madagascar Naturally", Ravalomanana's slogan for development, he sought to promote the environmentally sustainable value-added processing of Madagascar's natural wealth through private sector growth based on the attraction of foreign investment and the promotion of incentives for local investment.²⁹² After Ravalomanana had secured the presidency "perhaps one of the most important shifts [in society] was that the pervasive feeling of anomie that had gripped the country since the impeachment

²⁸⁹ Beaulier and Subrick, "The Political Foundations", 103-115.

²⁹⁰ Taylor, "As Good as it Gets?", 215-231.

²⁹¹ Picard, *Politics of Development in Botswana*. Approximately 80% of the Botswana's population speaks the dominant Setswana language.

²⁹² Ravalomanana, "Madagascar Naturellement".

of Albert Zafy in 1996 gave way to a tangible hope that leadership had something to offer Madagascar”.²⁹³ Ravalomanana planned on building a “culture of results” within his administration and the Malagasy government, which was conceived as a “breath of fresh air” signalling an end to the inertia the country had endured under Ratsiraka’s regime for over three decades.²⁹⁴ Ravalomanana hoped to replicate the economic growth trajectories of the Asian developmental states and viewed China’s rapid industrialisation over the past two decades as containing important lessons for Madagascar. Akin to the examples of Malaysia and Singapore, Ravalomanana believed that Madagascar possessed the potential for fast economic success through a mix of state-led and capitalist development in a southern African axis of growth that would include Madagascar, South Africa, and Mauritius.²⁹⁵

Ravalomanana’s plan was institutionalised through a World Bank-approved national development strategy paper in 2002, which was revised and renamed the Madagascar Action Plan (MAP) in 2006. This comprehensive agenda was to guide development policy from 2007 until 2012 and addressed a large number of issues. Its eight principal commitments were, in order of importance: (1) responsible governance, (2) connected infrastructure, (3) educational transformation, (4) rural development and green revolution, (5) health, family planning, and the fight against HIV/AIDS, (6) high growth economy, (7) cherish the environment, and (8) national solidarity. These commitments were to be pursued through the MAP’s six “breakthrough reform initiatives”. They included: (1) reforming public finances in order to increase the tax quota to 15% in 2012 by enlarging the taxable base, improving the effectiveness of tax levies, simplifying tax laws, and improving expenditure management, (2) significantly boosting investment levels, (3) preparing a “green revolution” by improving agricultural productivity, making agro-industrial management and production more efficient, expanding farm credit, providing machines and other inputs to farmers, securing land tenure, and enlarging the sequence of the agricultural value-added chain, (4) improving public security by augmenting personnel and resources in the gendarmerie and police, combating cattle theft and the smuggling of precious stones and tropical woods, (5) bolstering health and family planning through sex education, distribution of contraceptives and media campaigns to reduce the average number of children per family from five children to three by 2012, encouragement of the use of mosquito nets and malaria prophylaxis countrywide, and (6) transforming the judicial

²⁹³ Marcus, “Marc the Medici?”, 111-131, p. 112.

²⁹⁴ D’Ersu, “Changement d’Homme”, 451-561, p. 451.

²⁹⁵ Bertelsmann Stiftung, *Madagascar Country Report*, 1-27.

system through the introduction of an economic tribunal, a reform of the penitentiary system to meet international Red Cross standards, a reduction of corruption among judges, and an acceleration in the speed of judicial procedures. The development objectives of these reforms were ambitious. Between 2005 and 2012, the MAP proposed to raise Madagascar's GDP growth rate from 4,6% to 10%, improve its HDI rank from 146 to 100, and decrease the percentage of the population living on less than US \$2 per day from 85% to 50%.²⁹⁶

The commitment relating to infrastructural growth was a fundamental component of Ravalomanana's overall development plan because it provided the logistical support to the other commitments. The building of quality roads, railways, ports, airports, schools, and hospitals, and energy grids throughout the country, "all supported the economic development process".²⁹⁷ The most visible sign of economic growth under Ravalomanana's regime was the enhanced conditions of Madagascar's road network. Ravalomanana created the Road Authority of Madagascar in 2007, an agency in charge of road construction and rehabilitation. Between 2004 and 2006, the total amount of paved roads in Madagascar almost doubled from 9,034 km to 16,755 km, and a further 8,251 km of national roads benefited from maintenance work. These improvements exerted a positive impact on private sector growth, resulting in an expansion of the transport sector in 2007, and an increase of 17,3% for the transport of goods and 13,3% for the transport of passengers. These developments were boosted and mutually reinforced by a positive trend in imports and a growth in the tourist industry.²⁹⁸

The commitment concerning educational transformation was a crucial foundation of human capital development in the country. The quality of education in Madagascar still exhibits a heavy urban-rural bias, but important efforts were made to improve schooling services in the countryside. New schools and libraries were built, and government officials distributed backpacks, notepads, and other essential equipment in remote towns and villages as a way to publicise the government's commitment to education as a national priority.²⁹⁹ Primary schools, elementary schools, high schools, and higher learning facilities were upgraded, and virtual libraries were established in all of the country's six universities. Ravalomanana also reformed the educational system to comply with global effectiveness standards and enacted institutional changes that reorganised pre-school and primary education. Attendance was made free and mandatory between

²⁹⁶ Government of Madagascar, "Madagascar Action Plan".

²⁹⁷ International Monetary Fund, *Republic of Madagascar*, 1-44, p. 10.

²⁹⁸ International Monetary Fund, *Republic of Madagascar*. 1-44.

²⁹⁹ Interview with an employee at the World Bank Antananarivo, September 22, 2010.

the ages of 6 - 13, and English was (controversially) included alongside French as the second language of instruction in schools. The net rate of children attending primary school increased from 93,3% to 97% between 2004 and 2007, bringing Madagascar closer to the Millennium Development Goal (MDG) of reaching 100% primary school enrolment by 2015.³⁰⁰ From 2001 to 2005, enrolment rates increased by 53,5% in elementary schools, 69,1% in high school, 50,3% in lycées (French private schools), 55,7% in higher education, and 42,9% in technical and professional education.³⁰¹ High incompleteness rates and concerns over the quality of education led to a shift in focus towards the promotion of teaching careers and the training of instructors during Ravalomanana's second term.

Many of these infrastructure and education projects were financed with support from international donors. Since it signalled that the new Malagasy government had a clear plan for development and was dedicated to achieving this in an environmentally sustainable manner, the formulation of the MAP increased international and especially Western donor support for Madagascar. Ravalomanana publicly stated that fostering economic growth without destroying the country's natural heritage is "a difficult challenge for which we [Madagascar] need the support of the international community".³⁰² Many significant donors had already recognised the Ravalomanana government in 2002 after relatively little hesitation because they strongly supported his pro-Western neoliberal agenda for growth. In 2002 the World Bank organised a conference in Paris named "Friends of Madagascar", during which international donors pledged US \$1 billion in assistance over five years. In October 2004, Madagascar qualified for the cancellation of half the national debt, which amounted to approximately US \$2 billion, under the Heavily Indebted Poor Countries (HIPC) initiative. In the summer of 2005, the Group of 8 countries approved the cancellation of Madagascar's entire external debt.³⁰³ China also annulled all of the dues owed to it by Madagascar in 2005. Later that year, Madagascar became the first recipient of the Millennium Challenge Account (MCA), a initiative by the US government which rewards developing countries that display sound economic and governance performance by enrolling them in a credit program. Under the MCA, Madagascar received an account in the form of a four-year grant worth US \$110 million.³⁰⁴ Ravalomanana also reached out to emerging economic partners, such as China, and less traditional donors, such as Germany. Table 2 shows that while

³⁰⁰ International Monetary Fund, *Republic of Madagascar*, 1-44.

³⁰¹ Epstein et al., *Employment, Poverty and Economic Development*, iv-140, p. 72.

³⁰² Rabesahala-Horning, "Strong Support for Weak Performance", 405-431, p. 420.

³⁰³ The Group of 8 is a forum for the world's eight wealthiest countries, which includes the US, the UK, France, Germany, Japan, Italy, Canada, and Russia.

³⁰⁴ Rabesahala-Horning, "Strong Support for Weak Performance", 405-431.

multilateral agencies accounted for the majority of donor funding for the MAP, bilateral funding also contributed significantly to Madagascar's budget between 2006 and 2008. Most of the subsidies were destined for the infrastructure sector, followed by social services, including health and education, the productive sector, and the administrative sector.³⁰⁵

Table 2: External donor funding for the MAP, 2006 – 2008, US \$ million.

	2006	2007	2008
Multilateral agencies combined	380	300	388
China	-	-	4
France	1	2	3
US	4	4	2
Japan	2	1	2
Germany	1	1	1
Others	1.5	2	3
Other Aid	0.3	0.5	2.3
Total	389.8	310.5	405.3

Source: International Monetary Fund, *Republic of Madagascar*.

A key component of Ravalomanana's plan was for Madagascar to lessen its economic dependency on France by integrating more energetically with the global economy. After 2002, Madagascar increasingly liberalised foreign trade through regional integration and the strengthening of bilateral trade and investments agreements. It joined SADC, a predominantly English-speaking socioeconomic and political cooperation organisation, in 2005. This complemented both Ravalomanana's economic diversification strategy and his efforts to foster relations with Madagascar's Anglophone neighbours on the African mainland.³⁰⁶ He also strengthened existing trade agreements through increased economic partnership negotiations with the Common Market for Eastern and Southern Africa (COMESA), the African Growth and Opportunity Act (AGOA), and within the framework of the European Union – Africa,

³⁰⁵ International Monetary Fund, *Republic of Madagascar*, 1-44.

³⁰⁶ Dewar, Massey, and Baker, *Time to Make a Fresh Start*, 1-18.

Caribbean and Pacific Cotonou Treaty. Increased regional integration and an expanded global market for existing exports more generally resulted in an upsurge of Malagasy exports from 9% in 2005 to 13,7% by 2007. Madagascar also profited from its comparative advantages related to its geographical proximity to certain member countries of SADC and COMESA. During Ravalomanana's regime, Madagascar's exports towards nearby countries such as South Africa and Mauritius averaged 34% of the total foreign trade.³⁰⁷

To promote private sector investments, Ravalomanana established the Economic Development Board of Madagascar (EDBM) in 2006. The EDBM is tasked with the management and dissemination of investment policies in Madagascar, and centralises all issues pertaining to private sector investments outside of the extractive industries into one institution. By working to attract foreign investment, the EDBM sought to help Malagasy exporters acquire foreign investment in order to promote domestic export capabilities. As a one-stop-shop for investors, the creation of the EDBM reduced the time it takes to register a business in Madagascar from a few weeks to four days, which helped improve Madagascar's score on the World Bank's "Doing Business" ranking from 151 to 144 between 2008 and 2009.³⁰⁸ Between 2005 and 2008, total FDI to Madagascar rose from US \$86 million to US \$1,47 billion, with significant investments made in the financial sector, oil distribution, telecommunications, and the extractive industries.³⁰⁹

The MAP targeted the mining industry as a key sector for reform. Mining is the object of multiple commitments in the MAP, and its goals are interwoven with the country's plans for infrastructure development, rural development, environmental protection, and a high growth economy. Noting that previous governments had neglected Madagascar's mining potential for almost two decades, the MAP aimed to help current mining projects enter the production phase and quickly expand. Ravalomanana also recognised that previous efforts to reform the mining sector had failed to generate tangible benefits in terms of job creation, tax revenues, infrastructure, or social services, and he sought to encourage the growth of the extractive industries while respecting surrounding communities and the environment. The aims of the reform were to increase the contribution of mining to GDP from 3% to 30%, and to raise mineral royalties from US \$0,168 million to US \$45 million between 2002 and 2011. Revenues

³⁰⁷ International Monetary Fund, *Republic of Madagascar*, 1-44.

³⁰⁸ Interview with the director of the EDBM in Antananarivo, September 29, 2010. See also <http://www.doingbusiness.org/>, the Website for the "Doing Business" ranking.

³⁰⁹ Dewar, Massey, and Baker, *Time to Make a Fresh Start*, 1-18, p. 4.

from mineral exports were expected to rise from US \$50 million to US \$300 million over the same period.³¹⁰

Although serious reforms had already begun with the creation of a Project for the Reform of the Mining Sector (PRSM) in 1998 and the establishment of a new mining code in 1999 in the wake of Madagascar's mining sector boom, these were both strengthened under Ravalomanana. A number of new laws and initiatives came into force during Ravalomanana's first term, and a new Mineral Resources Governance Project (PGRM), which provided more legal stability and investment incentives than the previous reforms, replaced the PRSM in 2003.³¹¹ The Mining Policy Declaration of March 14th, 2003 focused on the need to better regulate the sector and produce an updated inventory of Madagascar's natural resources in order to attract investors. A large mapping project to document Madagascar's natural resources was launched within the framework of the PGRM in 2005. The project initially produced high-resolution magnetic and radiometric data showing the extent of mineral endowments for six selected regions in Madagascar in 2006, and further geological surveys are ongoing.

The reform of the mining sector resulted in a significant influx of mining sector investments and the launching of two large-scale mining projects. The first multinational mining company to heavily invest in Madagascar was QMM, which is 20% owned by the government of Madagascar and 80% owned by Rio Tinto. Exploratory work for the QMM mine had already begun in 1989, but construction on the mine commenced in 2005 after the Malagasy Mining Registry (BCMM) issued the company its relevant mining permits. After 19 years of preparation in Fort Dauphin, on the southeastern coast of Madagascar, QMM's ilmenite mine became operational in 2008 and is expecting total revenues of US \$3,2 billion over the 40 - year life of the mine. Sherritt, the other major mining conglomerate in Madagascar, acquired the rights to the Ambatovy nickel-cobalt mine close to Toamasina in 2007. In partnership with Dynatec, Sunimoto Corporation (a consortium of Korean companies), and SNC Lavalin, Sherritt constructed the project with an initial investment of US \$2,5 billion.³¹² Many other companies, including notably from Australia, Canada, the UK, and China, began purchasing

³¹⁰ Madagascar, "Madagascar Action Plan".

³¹¹ The PGRM is carried out by the Malagasy Ministry of Mines with financial assistance from the World Bank and bilateral donations from the US, France, China, and South Africa. Its stated aims are to increase transparency and governance within the mining sector, institutionalise reforms to decentralise the management of mining resources, promote value-added production and private investments, increase environmentally-sustainable mining practices, and, overall, to engender a rapid and sustainable growth of the mining sector that simultaneously contributes to poverty reduction efforts in the country.

³¹² Epstein et al., *Employment, Poverty and Economic Development*, iv-140.

exploration and exploitation permits in Madagascar after the mineral resource inventory was concluded in 2006. The WISCO deal, although formalised in 2010 under the HAT, was also negotiated during Ravalomanana's presidency in 2008.

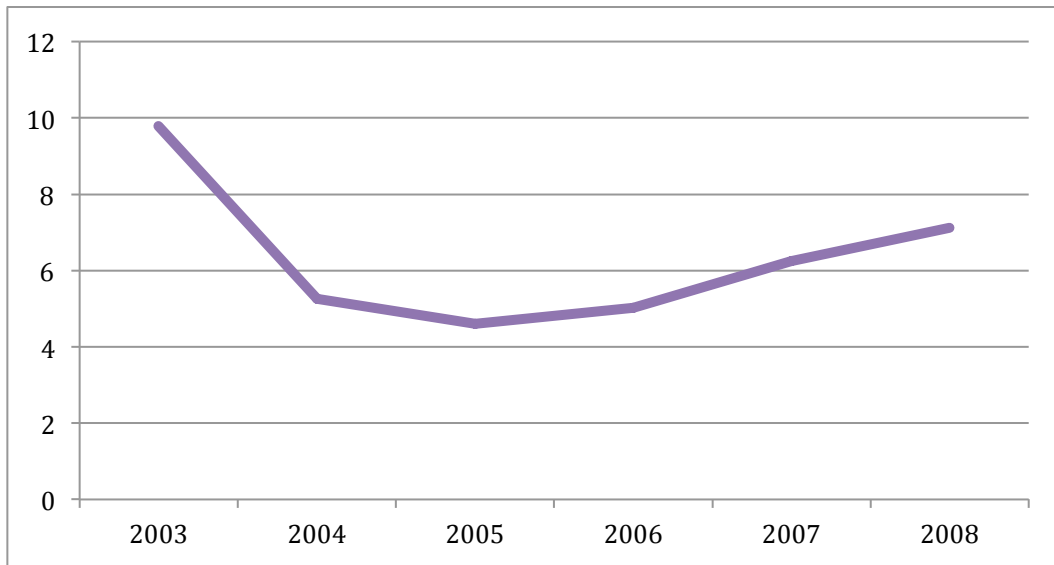
Economic growth between 2002 and 2008

Ravalomanana's critics contend that his economic initiatives did not significantly enhance the wellbeing of the wider population. Food prices increased due to the global economic downturn in late 2007 while purchasing powers remained low, leading Ploch to conclude that the majority of Malagasy have remained poor.³¹³ Ralambomahay ventures that purchasing powers were the same under Ravalomanana as they had been under Ratsiraka, and that increases in investments were relatively minor outside of the extractive industries. On balance, he contends, the majority of Malagasy did not greatly benefit from Ravalomanana's policies, and the country "is still waiting for economic take-off".³¹⁴ Macroeconomic indicators however demonstrate that Madagascar's economy was experiencing significant growth under Ravalomanana's presidency. Existing data show a positive overall trajectory between 2003 and 2008. After the Malagasy economy recovered from the political crisis of 2002, both GDP growth and current rates had begun to grow steadily. Increases in life expectancy also signify that the Malagasy people were benefiting from this growth, for instance through increased access to potable water or medical facilities, despite stagnating purchasing powers. Figures 3, 4, 5, and 6 show increases in GDP growth, current GDP, GNI per capita growth, and life expectancy in Madagascar from 2003 to 2008.

³¹³ Ploch and Cook, *Madagascar's Political Crisis*.

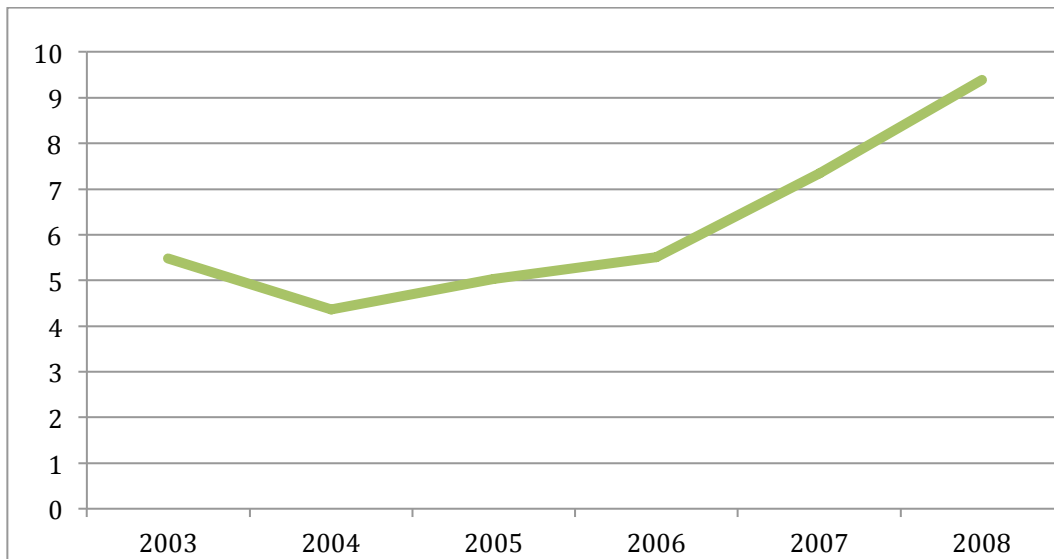
³¹⁴ Ralambomahay, *Une Crise Interminable*, p. 19.

Figure 3: Annual GDP growth in Madagascar, 2003 – 2008, %.



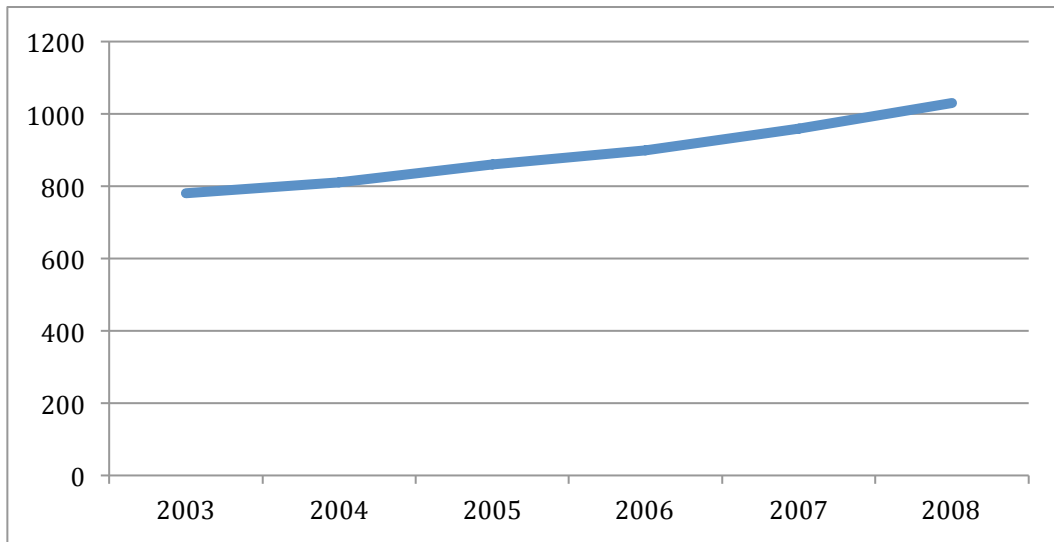
Source: World Bank Databank.

Figure 4: Current GDP in Madagascar, 2003 - 2008, US \$ billion.



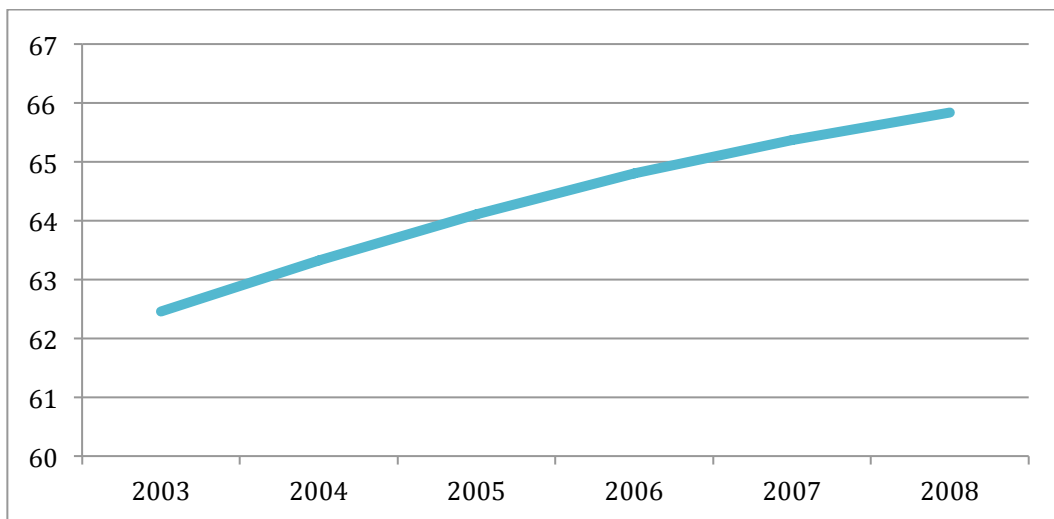
Source: World Bank, DataBank.

Figure 5: Madagascar GNI per capita, 2003 - 2008, US \$.



Source: World Bank, DataBank.

Figure 6: Life expectancy at birth, 2003 - 2008, years.



Source: World Bank, DataBank.

Conflating the government and the private sector

The economic roots of Ravalomanana's popular support are central to an understanding of the manner in which he exercised power, and why he lost it.

Ravalomanana based his development experiment for Madagascar on his own experiences in the private sector. As a self-made businessman whose only political experience had been as mayor of Antananarivo two years prior to winning the presidency, Ravalomanana utilised his corporate identity as the basis of his political power.³¹⁵ Ravalomanana was born into a Merina household of modest means in the village of Imerinkasinina, 20 km east of Antananarivo. As one of eight children, he began working in his family's homemade yogurt business at an early age. As a young adult, he studied in Germany and Sweden and undertook internships in Norway and Denmark. In 1982, he expanded the family business and founded his firm, Tiko Group (Tiko), with a US \$2 million loan from the World Bank.³¹⁶

He quickly became known throughout the country for his line of dairy products sold by Tiko, which grew to be the largest locally owned company in Madagascar. By the end of the 1990s, Tiko employed 3,000 direct hire employees and indirectly provided another 100,000 individuals who supplied Tiko with dairy products with a source of livelihood.³¹⁷ Ravalomanana's mounting wealth inevitably catapulted him onto the political scene, especially once politicians began asking him to financially support their campaigns. Ravalomanana had early connections to Zafy's prime minister, for whom he had provided financial backing during his bid for the presidency in 1996 (this already pitted him against Ratsiraka's supporters, which would have important consequences).³¹⁸ The "self-made man" story of a successful Malagasy entrepreneur that he came to be associated with eventually enabled him to gather his own political following, which he harnessed to become mayor of Antananarivo in 1999.³¹⁹ During his various political campaigns, Ravalomanana used the name recognition associated with Tiko to appeal to the Malagasy electorate, particularly in the more isolated regions of the country. Rural Malagasy, who had been purchasing Tiko yogurts for years, easily recognised his party's name, Tiako I Madagasikara. Tiako I Madagasikara means "I love Madagascar", and "Tiako" is phonetically very similar to "Tiko". With the help of US election strategists, TIM campaigners exploited the name recognition of Ravalomanana's firm by distributing free Tiko T-shirts, baseball caps, and stickers around the country.³²⁰

³¹⁵ Marcus, "Marc the Medici?", 111-131.

³¹⁶ Hanke, "Ein Unternehmer wird Praesident", 351-366.

³¹⁷ Hanke, "Ein Unternehmer wird Praesident", 351-366.

³¹⁸ Randrianja, *Des Produits Latiers*.

³¹⁹ Pellerin, "Un Conflit d'Entrepreneurs?", 152-165, p. 153.

³²⁰ Hanke, "Ein Unternehmer wird Praesident", 351-366.

Ravalomanana also used the important role of churches and religious institutions to support both his growing political power and his business interests. Ravalomanana was himself very religious, and he was a prominent member of the protestant FJKM. The thousands of employees in his private companies and his political collaborators were expected to attend regular services and hold prayer meetings before they began their workday.³²¹ After he was elected vice-president of the FJKM in 2001, he used the platform presented by the churches to further spread his political message, and announced his candidature for the presidency from the steps of the church in his hometown. Together with his corporate identity, his election to one of Madagascar's most important religious associations gave him a public visibility unprecedented by previous Malagasy political figures.

Ravalomanana enjoyed widespread popular support, especially among the rural populations. Although he was a Merina, Ravalomanana had successfully highlighted his roots as one of the Hova "commoners" to appeal to the rural populations often alienated by the political elite. After he assumed power in 2002, he sought to reach beyond the capital to ensure an ethnically diverse political sphere.³²² He also demonstrated restraint in dealing with his former political foes, appointing members of Ratsiraka's party to cabinet positions and not demanding the extradition of Ratsiraka from France after he was sentenced in absentia. These actions further broadened his popular support and alleviated concerns that he would promote ethnic divisions among the population.³²³ Ravalomanana's popularity among rural and non-elite Malagasy was evidenced in 2005 when an Afrobarometer survey showed that the public expressed confidence in their government to improve their future economic prospects. The Malagasy were especially fond of Ravalomanana's publicly stated efforts to fight government corruption, reduce economic insecurities, improve health and education facilities, and enhance their access to potable water.³²⁴ In spite of his current exile and the consolidation of power under Rajoelina, many poorer Malagasy continue to praise Ravalomanana's accomplishments in bringing tangible improvements to their lives, even in relation to something as simple as providing new backpacks to students in rural areas or fixing the potholes on the streets of Antananarivo.³²⁵

³²¹ Kohnert, *Are non-state Actors Better Innovators?*, 1-19.

³²² Hanke, "Ein Unternehmer wird Praesident", 351-366, p. 351.

³²³ Marcus, "Marc the Medici?", 111-131.

³²⁴ Afrobarometer, *Madagascans and Democracy*.

³²⁵ The improvement of Antananarivo's streets was in particular often mentioned in discussions with residents of Antananarivo during fieldwork between September 2010 and July 2012.

The “unembeddedness” of Ravalomanana’s regime

Although he enjoyed popular legitimacy, Ravalomanana was a relative anomaly in Malagasy politics, which contributed to the “unembeddedness” of his government from local society. His presidency marked the first time that the exclusiveness of political power, which had been defended by Madagascar’s big families for decades, was lost to someone from outside the families.³²⁶ Ravalomanana broke an unspoken social contract preserving the balance of power among Madagascar’s elite families, which is that the president of Madagascar is always a non-Merina and that the president and prime minister are always from two different ethnic groups. Before the 2001 election, it was “unimaginable that someone of Merina ethnicity...could compete successfully in national presidential and legislative elections by winning substantial support in nearly all the provinces”.³²⁷ Ravalomanana’s nomination of a Merina prime minister in 2006 then broke the second component of the rule.

As an outsider to the network of big families in Madagascar, Ravalomanana was able to break the traditional pattern of neo-patrimonial rule, but instead of identifying a different range of local industrialists to champion, he created a new, arguably more personalised system of patronage that pushed vital domestic and foreign economic actors outside of the market. Instead of being “embedded” in industrial society, the state under Ravalomanana *became* the industrial society. A patrimonial developmental state needs a mechanism to centralise rents with a view to long-term growth in order to be successful.³²⁸ While Ravalomanana did consolidate rents, these were centralised under Tiko, which was owned solely by Ravalomanana and used to pursue both the government’s industrial policy and his personal business aspirations in tandem.

Ravalomanana exploited his political position to ensure his own corporations and business ventures were strategically positioned to win new contracts. After consolidating his presidency, Ravalomanana privatised several previously state-owned industries, including the state agricultural corporation and the Malagasy trading corporation, and incorporated them under the Tiko Group. He formed a road works and construction company, the Asa Lalana Malagasy, which was regularly awarded important government contracts or allowed to sub-contract in larger projects. His other business ventures included the Magro beverage and wholesale group, a wheat mill, an oil refinery, one television and

³²⁶ Hanke, “Ein Unternehmer wird Praesident”, 351-366.

³²⁷ Marcus and Ratsimbaharison, “Political Parties in Madagascar”, p. 504.

³²⁸ Kelsall, “Developmental Patrimonialism?”, 1-4.

two radio stations, two daily newspapers, a printing company, and two construction firms. He additionally had several investments in international hotels, owned a private airplane company, and founded other firms in South Africa and Switzerland.³²⁹ Ravalomanana essentially created a personal national business empire and slowly began to monopolise Madagascar's key industries with his companies. While Tiko was able to implement the objectives of the MAP and thereby help accelerate Madagascar's economic growth, because it was attached to Ravalomanana personally, there was insufficient administrative or public oversight to curb excessive corruption.

Although he had made the fight against corruption a centrepiece of the MAP, Ravalomanana tripled his personal wealth during his time in office.³³⁰ Mining sector activity under Ravalomanana remained susceptible to corruption, despite the improvements made to the regulatory framework governing the extractive industries. The informal networks that flourished under Ratsiraka's regime before 2002 continued to deter the positive impacts that mining sector growth could potentially exert on local poverty reduction. Increasing globalisation, the proliferation of global trafficking networks, and the continued politicisation of the mining sector by Madagascar's political and economic elite, including Ravalomanana himself, sustained these networks.³³¹ Citing his support for local efforts at stone cutting and manufacturing, Ravalomanana banned the export of raw gemstones from Madagascar in 2008, but it was alleged that he intended to monopolise the sector for himself.³³² The convergence of Ravalomanana's political and business personalities is also reflected in his choice of the Magro business complex in Antananarivo to serve as TIM headquarters. Rather than just exercising the public good as a private one, he inverted the process: the "confluence of economic liberalisation and his own well-placed business interests afforded him the opportunity to not only benefit from growing his corporate position but to exercise his private goods to build private networks for the purpose of gaining public authority".³³³ The space between the public and the private became increasingly blurred between the two sectors in service to "President Marc Ravalomanana or CEO Marc Ravalomanana".³³⁴ In December 2008, international donors suspended over US \$20 million in aid disbursements,

³²⁹ Hanke, "Ein Unternehmer wird Praesident", 351-366.

³³⁰ Marcus, *Political Change in Madagascar*.

³³¹ Duffy, "Gemstone Mining in Madagascar", 185-206.

³³² Interview with a Malagasy mining consultancy, November 11, 2010.

³³³ Marcus, "Marc the Medici?", 111-131, p. 114.

³³⁴ Marcus, "Marc the Medici?", 111-131, p. 114.

citing concerns over budget transparency and possible conflicts of interest between the state's budget and the president's business investments.³³⁵

A coalition of anti-Ravalomanana elements from within the Malagasy Merina and pro-Ratsiraka elite, and the Karana and French communities is widely considered to have chosen Rajoelina as their figurehead to eject Ravalomanana from power.³³⁶ Ravalomanana himself has accused members of the Karana elite of orchestrating his removal from the presidency because they felt that their economic interests were being threatened by his policies.³³⁷ The Karana community numbers between 15,000 - 30,000, and accounts for only 1,2% of the population, but it is economically and politically quite powerful.³³⁸ Although the dominance of French commercial interests in Madagascar suggests that the figure is exaggerated, India's Ministry of External Affairs claimed in 2000 that the Indian community in Madagascar owned 50% - 60% of the economy.³³⁹ Many of the influential Indo-Pakistani families have lived in Madagascar for generations, but have not acquired Malagasy citizenship and are thus considered foreigners. Around 80% of the Indo-Pakistani community in Madagascar holds French passports, indicating the potentially close alignment between French and Karana interests on the island.

Ravalomanana committed the crucial mistake of disenfranchising economically and politically influential elements within the Karana community. In 2004, he intervened in the rice industry, marginalising a large Indo-Pakistani conglomerate that had traditionally handled the distribution of government rice imports. At the time, Madagascar was experiencing a rice shortage that led to a significant increase in the price of rice. Ravalomanana confiscated the government contract from the Karana distribution agency and awarded it to Magro, with no invitation for other firms to tender. Magro received a tax holiday on rice imports, while other private importers did not, effectively ostracising not only the Karana-owned companies, but also all remaining competitors.³⁴⁰ In a similar situation, the Karana family that owns the Industrial Company of Malagasy Products (Sipromad), one of Madagascar's largest holding groups with over 20 companies in industry, agriculture, real estate, aviation, tourism, agribusiness, securities, and banking, also saw its revenues decline after 2002 as Ravalomanana's firms increasingly acquired larger shares in a wide range of

³³⁵ Ploch, *Madagascar's Political Crisis*.

³³⁶ Interview with the resident representative of the IMF to Madagascar from 2008-2010, September 27, 2010. See also Pellerin, *Le Nouvel Essor*.

³³⁷ "Marc Ravalomanana Accuse", *Les Afriques*, September 5 -11, 2009.

³³⁸ Blanchy, *Karana et Banians*.

³³⁹ Singhvi, *Report on the Indian Diaspora*.

³⁴⁰ Marcus, "Marc the Medici?", 111-131.

markets.³⁴¹ Ravalomanana had met with leaders from the Karana community on several occasions to discuss economic and citizenship issues, and retained close links to some of its influential members, but this did little to ameliorate overall relations with the group in the face of economic rivalry.

Ravalomanana also had a troubled relationship with the “Francophone Malagasy political old guard” and the French community on the island. In advocating his pro-Western policies and inviting new foreign investors into Madagascar, Ravalomanana alienated the French-Merina elite and was generally perceived to retain an anti-French agenda.³⁴² This was implicit in the fact that not all members of the political and commercial elite supported SADC membership because they did not wish to align themselves with Anglophone Africa.³⁴³ This was particularly the case among some of the Merina elites, who view their Polynesian ancestry as distinguishing them culturally from mainland Africans, and who increasingly considered Ravalomanana out of touch with the island’s European and French connections. At the state level, France had supported Ratsiraka throughout his two presidencies, and had given him asylum in France after he fled Madagascar in 2002. Ravalomanana’s efforts to cultivate new economic partnerships with countries other than France meant that Franco-Malagasy relations under Ravalomanana’s regime were initially cold, and they remained ambivalent throughout his presidency. A series of disputes led to the removal of the French ambassador in July 2008, and Rajoelina was given asylum at the French embassy in early March 2009 during the height of the crisis.³⁴⁴ France’s summation of Franco-Malagasy relations during Ravalomanana’s tenure is clearly underlined by a frustration with his aversion towards French influence in Madagascar and disapproval of how he has concentrated power in his regime. The French government states that Ravalomanana maintained “a strong tropism for the United States, Germany, and China within his “authoritarian democracy” model”.³⁴⁵

Amid increasing concerns about corruption and international condemnation of his monopolisation of key industries, several scandals in 2007

³⁴¹ Interview with the director of Sipromad, September 29, 2011. See also “Ylias Akbarely, Businessman with a World Eye View”, *Indian Ocean Newsletter*, Insider Series, March 22, 2013.

³⁴² Dewar, Massey, and Baker, *Time to Make a Fresh Start*, 1-18, p. 5.

³⁴³ See Dewar, Massey and Baker, *Time to Make a Fresh Start*, 1-18. This was particularly the case among some of the Merina elites, who view their Polynesian ancestry as distinguishing them culturally from mainland Africans, and who increasingly considered Ravalomanana out of touch with the Malagasy

³⁴⁴ Ellis, “Roots of Turmoil”.

³⁴⁵ France, “Madagascar”.

and 2008 enabled Ravalomanana's political opponents to mobilise the masses against him. Ravalomanana's image had already become tainted when he purchased a new presidential Boeing jet for US \$30 million and registered it to Tiko in 2007, but his attempt to lease 1,3 million hectares of land to Daewoo Logistics, a multinational South Korean conglomerate, in the autumn of 2008 had cataclysmic results. Daewoo planned to utilise the land to grow palm oil and the equivalent of half of South Korean corn requirements for export to the Korean market. In the deal, the company agreed to spend US \$6 billion over 25 years to build roads, railways, a port, and schools in Madagascar.³⁴⁶ The project was problematic for two main reasons. It was incompatible with a recent effort by Ravalomanana to reform access to land at the local level, and it would mean that large swaths of land containing ancestral graves would now legally belong to the South Korean firm. The Daewoo case was utilised as an example of how Ravalomanana was stripping the country of its national resources, and how foreign investors like Daewoo could "jeopardise local land-based livelihoods by usurping Malagasy ancestral lands".³⁴⁷ Thus, when Ravalomanana's support among the wider population began to dissipate in the wake of the Boeing and Daewoo incidents, Ravalomanana's opponents saw an opportunity to re-instate someone who aligned more closely with their interests, such as Andry Rajoelina.

A development-oriented neo-patrimonial government?

Ravalomanana's demise suggests that the sometimes neopatrimonial tendencies of African elites and the related issue of corruption can be inimical to the creation of a successful developmental state. Much of the literature on corruption and development in Africa draws a negative causal link between the two. Among Western scholars and the IFIs, corruption is generally thought of in terms of perversion and decay. The IMF argues that the economic costs of bribery and systematic corruption are high, raising transaction costs, uncertainty, and inefficiency in an economy, while simultaneously eroding the legitimacy of the state.³⁴⁸ Rose-Ackermann concurs that corruption limits growth and creates inefficient government.³⁴⁹ Neoliberal globalisation is also thought to have unintentionally facilitated the growth of new forms of corruption in Africa, thereby further eroding the capability of African states to pursue developmental

³⁴⁶ Burnod, Gingembre, Andrianirina, and Ratovoarinony, "International Land Deals".

³⁴⁷ Pellerin, "Un Conflit d'Entrepreneurs?", 152-165.

³⁴⁸ Grey and Kaufman, "Corruption and Development", 7-10.

³⁴⁹ Rose-Ackermann, *Corruption and Government*.

objectives.³⁵⁰ However, while the appropriation or embezzlement of public funds and assets for private use is clearly not in the primary interests of a country's development, the developmental impacts of bribery, cronyism, and relatively hazy instances of corruption are unclear. In some instances, corruption may further the faster functioning of an economy by facilitating trade and business deals which would otherwise not have occurred or been slowed down by ineffective legal systems and bureaucratic red tape.³⁵¹ A consequentialist approach to corruption judges the moral value of corrupt interventions in the economy in terms of its outcomes, costs, and benefits.³⁵² This implies that corruption is not necessarily immoral and deconstructive. The extremely close links between state and the business society exhibited by many neopatrimonial African political systems may actually contribute to the smooth functioning of the African developmental state.

This has given rise to the idea of developmental patrimonialism, where ruling elites acquire an interest in and a capability for managing rents in a centralised way with a view to enhancing their incomes in the long run, is based on the legalisation of rent-seeking. Neopatrimonial states can be developmental so long as rents are channelled into productive areas of the economy and the net benefits of corruption for the population as a whole outweigh the private gains of politicians. In other words, there is a need to distinguish between the intended outcome of state intervention in the economy and the cost of rent-seeking it induces.³⁵³ Legalising government interventions would regulate and minimise the type of corruption that negatively influences the economy and foster a constructive role for rent seeking. Much of the rent seeking in developed countries is legalised because the underlying interventions themselves are legal, which permits rent seeking to be regulated by allowing interest groups to lobby for particular policies within prescribed limits.³⁵⁴ In most African states, this type of social organisation is considered corrupt because it is less transparent.

Rwanda provides an example of a neo-patrimonial developmental government. Since 1994, the Rwandan Patriotic Front has ruled Rwanda, a small, land-locked central African nation with no oil and few minerals, as a *de facto* one party state. Since 2000, this has occurred under the leadership of Paul Kagame. Rwanda is considered a hybrid regime, which combines authoritarian and democratic elements. Although the country is nominally democratic, the ruling

³⁵⁰ Bayart, Ellis, and Hibou, *The Criminalisation of the State*.

³⁵¹ See Leff, "Economic Development", 8-14 or Bhagwati, "Democracy and Development", 151-162 for a defense of this position.

³⁵² Khan, *Governance and Anti-corruption*, 1-25.

³⁵³ Khan, *Governance and Anti-corruption*, 1-25, p. 18.

³⁵⁴ Khan, *Governance and Anti-corruption*, 1-25, p. 19.

party dominates the political scene and political competition is minimal. Independent media and social organisations also exist but are restricted. A stable government that promotes economic security is viewed as a means to overcome the country's ethnic divide and volatile political history.³⁵⁵ Since 2000, Rwanda has deliberately pursued an economic vision of a developmental state. Vision 2020, the country's development plan, identifies six pillars for development, including good governance (conceived as effective governance), agricultural and private sector growth, human capital building, infrastructure, information and communications technology networks, and regional and global economic integration. Significant donor support and increasing foreign investments facilitate state spending and the implementation of the development plan.³⁵⁶

The success of Rwanda's developmental patrimonialism is due to the regime's ability to establish a constructive balance between the state and industrial society. Yet rather than championing local industrial elites and becoming embedded in society from the outset, the Rwandan government created a number of state-owned companies incorporated under Tri-Star Investments S.A.R.L. (Tri-Star), which institutionalised a system of rigorously centralised rents. Tri-Star initially used its funds to initiate projects that met elementary socio-economic needs considered crucial to political stabilisation in the country. Subsequently, it made investments that were informed by a long-term vision for the development of the economy. Where these investments depended on an element of protection or subsidy and were in a position to generate additional rents, there was generally a rationale in terms of funding the learning costs associated with new activities or a new scale of activity.³⁵⁷ In this manner, Tri-Star serves to invigorate nascent sectors of the economy to promote the growth of private sector enterprises in those sectors. The state in Rwanda played the role associated elsewhere with an active industrial policy. It absorbed the learning costs of pioneer firms, thereby creating opportunities for unsubsidised private investors in a second stage, which allowed the state to then become embedded in industrial society according to the more conventional understanding of embeddedness. Crucially, the creation of Tri-Star Investments essentially "legalised" corruption and obviated the need for party officials to engage in corruption on their own account.³⁵⁸ Kagame's developmental state thus observes a separation of state and private accumulation of wealth, a fact that is demonstrated by Rwanda's comparatively good performance on corruption indices.

³⁵⁵ Hayman, "Going in the Right Direction?", 51-75.

³⁵⁶ Crisafulli and Redmond, *Rwanda Inc.*

³⁵⁷ Booth and Golooba-Mutebi, *Developmental Patrimonialism?*, 1-23, p. 7.

³⁵⁸ Booth and Golooba-Mutebi *Developmental Patrimonialism?*, 1-23, p. 1.

The principal difference between Ravalomanana's Madagascar and Kagame's Rwanda is that whereas in the latter case rent extraction was centralised under a public institution, in Madagascar, economic rents were centralised under Tiko, which was owned solely by Ravalomanana as a private enterprise. A patrimonial developmental state needs a mechanism to centralise rents with a view to long-term growth in order to be successful.³⁵⁹ In the Rwandan case, investments by companies linked to Tri-Star implemented the state's industrial policy. While Ravalomanana did consolidate rents, he exploited his presidency to position Tiko to pursue both the government's industrial policy and his personal business aspirations in tandem. Patrimonial developmentalism also functions best in societies with a relatively homogenous or evenly distributed ethnic composition, which is evident in Rwanda but less so in Madagascar. Moreover, in Madagascar, where technocratic integrity is exceptionally poor, it is perhaps "incongruous that political leaders will manage rents in a developmental manner" with the broad-based support of all sectors of society.³⁶⁰

Conclusion

Ravalomanana ultimately failed in his endeavour to create a Malagasy developmental state because he did not have the support of a unified national elite and because he centralised economic rents in his private company instead of in one that was legally attached to the state. Yet a lack of a Malagasy developmental state does not preclude the argument that a development-oriented government was beginning to take shape during the six years of Ravalomanana's presidency. Ravalomanana invested heavily in infrastructures, which may have significantly facilitated future private sector growth, and in education, through which he sought to nurture human capital. He created an investment agency in the EDBM, and he was able to exploit Madagascar's mineral wealth to help spur economic growth. Crucially, he sought to attract and diversify foreign donors and economic partners, and to integrate Madagascar more energetically into the global economy. Although he was venal and amassed significant wealth during his presidency, similar to developmental leaders in other countries, Ravalomanana realised that he stood to maximise his own welfare over the long run by encouraging the economy and associated rents to grow. Unfortunately, he did not possess the political astuteness to rally all of Madagascar's elites behind him.

³⁵⁹ Kelsall, "Developmental Patrimonialism?", 1-4.

³⁶⁰ Kelsall, "Developmental Patrimonialism?", 1-4, p. 3.

Ravalomanana's journey from a small-time yogurt producer to millionaire, then mayor of the capital, and finally to being a central figure in the country's religious institutions allowed him to amass a wide network of supporters from many different parts of Malagasy society. As president, he was able to place those loyal to him at the head of his private companies and in leadership positions in the government and public enterprises, which effectively guaranteed him control over both the private and public sectors. Yet he was unable to find a balance between the needs of the country as a whole, his personal aspirations, and those of Madagascar's elite. By alienating too many of the traditional Malagasy political and economic elites from his vision for development, he unleashed the political instability that underlies the elite bargaining process in the country.

Ravalomanana's excesses presented his opponents with an opportunity to rally the masses in Antananarivo against him and erode the popular support that had been critical to his hold on power. Most likely, a coalition of predominantly Merina, French, and Karana business interests felt threatened enough by Ravalomanana's policies that they conspired to re-align the power structures in their favour and revert to the ones that had been entrenched and then further sustained throughout the Ratsiraka regimes. Ravalomanana's excesses also alienated many important provincial political bosses who had emerged in the 1980s and 1990s under Ratsiraka only to be ostracised during Ravalomanana's nearly seven years in power.³⁶¹ From this perspective, it was not the structural foundations of Ravalomanana's regime that caused it to crumble, but rather his inability to adequately embed the state within the local elite. Additionally, it suggests that the influence of the big families in Madagascar is being challenged by some of the new economic elites, whose members are politically less powerful, but who, along with the military, constitute critical alliances for the big families. The rise of a new business elite that emerged as novel opportunities became available beyond a small segment of predominantly urban society has created a politically destabilising conflict as private entrepreneurs, such as Ravalomanana, sought new opportunities at the expense of existing family enterprises. In this sense, Malagasy politics is being reshaped by a growing struggle between the interests of the private sector and entrenched structures of historically conditioned neopatrimonial modes of political organisation.

³⁶¹ Ellis, "Roots of Turmoil".

Chapter 4: China's diplomatic and economic engagements

Introduction

Moving from the discussion of Madagascar's politics of development to China's engagements in the country, this chapter examines Sino-Malagasy official development cooperation and provides an overview of Chinese aid, trade, and investments in Madagascar. China and Madagascar established diplomatic ties in 1972, when China was keen to solidify its links with the country (and other developing countries) in order to alienate Taiwan. Today, China is less concerned about the Taiwan issue (although it is still an issue) and more interested in presenting itself as a favourable development partner in order to secure vital raw materials. The first Sino-Malagasy technical cooperation agreement was signed in 1974, and China began sending medical missions to the island in 1975. Infrastructure cooperation commenced under the first presidency of Ratsiraka in the 1980s, when a Chinese SOE constructed a highway connecting Antananarivo with Toamasina. Sino-Malagasy relations deepened significantly in the 1990s, with increasing numbers of private Chinese entrepreneurs and SOEs investing in Madagascar. Relations at the state level were marked by several bilateral visits, the signing of an immigration agreement, and the construction of the sports stadium in downtown Antananarivo in 1996. Since 2002, the relationship has become more multifaceted, and it has intensified across all sectors.

Twelve low-to-high level bilateral visits to Beijing by Malagasy officials occurred during Ravalomanana's presidency. Ravalomanana negotiated new investment and trade agreements, which resulted in a multitude of Chinese private companies and SOEs making significant investments in a variety of economic sectors, notably in transport, energy, and communications infrastructures. Large-scale infrastructure projects completed between 2002 and 2009 comprise the construction of a cement factory, the ICC, a five-star hotel, a housing complex, and a new turbine on the country's biggest hydroelectric dam. The Sino-Malagasy trade relationship grew concurrently. Raw materials and especially chrome, mica, quartz and gemstones account for the majority of Malagasy exports to China. Since 2009, the Sino-Malagasy diplomatic relationship has become more restrained as China has sought to balance its interests in Madagascar while not overtly appearing to placate an internationally-unrecognised government, but economic relations have continued relatively unencumbered. While Chinese

development aid for Madagascar has decreased, in 2012, it was Madagascar's primary source of imports and its fifth-largest destination of exports.³⁶² The contemporary Sino-Malagasy development relationship exhibits a confluence between aid, trade, and investments, and it reflects the economic complementarity between Madagascar's infrastructure needs and China's demand for natural resources.

Criticisms of Sino-Malagasy relations at the state level target the role of China in perpetuating an uneven trade balance, and accuse it of exploiting Madagascar's resource richness in exchange for low quality and "useless" infrastructure projects.³⁶³ Since China's ability to dispense funds through its state-owned financing agencies exceeds that of the Western IFIs and donors, Chinese SOEs are thought to win construction projects that otherwise might have better been better built by Western companies. Moreover, the "Chinese money" invested in Madagascar is not viewed as benefitting the Malagasy people because it is ultimately returned to the Chinese companies who are contracted to construct the projects, and by extension to the Chinese state who owns the companies.³⁶⁴ However, Chinese SOEs in Madagascar employ between 30,000 - 50,000 Malagasy, and often operate with financing from Western and other development agencies.³⁶⁵ The fact that Chinese SOEs are often financed by some of the same Western agencies, such as the World Bank, whose employees in Madagascar voiced considerable criticism of Chinese-built infrastructure projects in the country, suggests that reproaches about a lack of quality or sustainability mask a wider unease that the new emergence of China as an important development partner in Madagascar may marginalise the ability of the traditional donors to influence economic and political processes on the island.³⁶⁶

In this chapter, I place the Sino-Malagasy diplomatic relationship in historical focus and provide an overview of the relationship under each of Madagascar's presidents. I begin with an exploration of the Taiwan issue after 1960 during Tsiranana's presidency, move on to Ratsiraka's first regime, and then examine significant developments in the relationship under Zafy. I explore Sino-Malagasy links during Ravalomanana's regime before discussing how the relationship has changed since the advent of the current political crisis. I then examine the available data on Chinese development aid to Madagascar. Based on

³⁶² Madagascar, "Chine-Premier Pays Importateur".

³⁶³ Interview with the IMF representative to Madagascar from 2008-2010, October 27, 2010.

³⁶⁴ Interview with the World Bank country director for Madagascar, September 16, 2009.

³⁶⁵ Interview with the commercial and economic counsellor at the Chinese embassy, September 21, 2010.

³⁶⁶ Interview with the World Bank country director for Madagascar, September 16, 2009.

information gathered during fieldwork, I provide an overview of loans and projects financed by the Chinese state in Madagascar between 1992 and 2010. I scrutinise China's hybrid rice project in Madagascar to demonstrate the potentials and pitfalls associated with China's development projects. I also consider trade and investment figures and show that both of these have grown substantially over the past few years. Finally, I examine the activities of Chinese SOEs in Madagascar and demonstrate that many of the infrastructure projects being constructed by them are financed by multilateral and Western development agencies.

Sino-Malagasy relations in historical focus

Official relations between China and Madagascar were established on November 6th, 1972 when Ratsiraka's regime recognised the sovereignty of the PRC over the nationalist Chinese government in the Republic of China (ROC). The ROC had opened its first consulate in Toamasina in 1946. In 1949, the consulate was closed following the communist victory in China, but it was allowed to re-open as a Taiwanese consulate in 1958. The Taiwanese consulate was elevated to embassy status upon Madagascar's independence in 1960. President Tsiranana, who was wary of communism as a threat to the new Malagasy Republic, preferred to maintain links with the ROC instead of with the PRC. The ROC, on the other hand, was eager to maintain contact with foreign countries and overseas Chinese populations. It was not until Ratsiraka visited China in 1972 in his capacity as foreign minister that Madagascar recognised the PRC as exerting sovereignty over the island of Taiwan. However, the latter was allowed to maintain an official presence in Antananarivo through a small delegation, which enabled the Malagasy government to receive development aid from both China and the ROC. China ended this ambiguity in 2000 by using its growing economic importance to put pressure on Antananarivo to close down the Taiwanese representation.³⁶⁷

A significant shift in Madagascar's foreign policy occurred after the fall of Tsiranana when Ratsiraka's political philosophy of Malagasy socialism and his emphasis on non-alignment during the Cold War resulted in growing ties with non-Western countries, and especially with the Soviet Union and China. Madagascar established diplomatic ties with the Soviet Union in 1972 one month before establishing ties with China. As the Sino-Soviet split intensified in the

³⁶⁷ Pellerin, *Le Nouvel Essor*.

1970s, Ratsiraka sought to balance Madagascar's relations with the two communist powers. However, Madagascar's relations with China were secondary to its relations with the Soviet Union.

Sino-Malagasy cooperation during this time focused primarily on infrastructure. A Sino-Malagasy economic and technical cooperation accord was signed in 1974 when China extended a credit line to Madagascar worth approximately US \$8 million and a cultural agreement followed in 1980.³⁶⁸ In 1975, China dispatched its first medical team consisting of 30 doctors to Madagascar.³⁶⁹ The mission to Madagascar originated from Gansu province, and has been renewed every two years since its inception.³⁷⁰ In 2012, the program was in its 18th rotation and had sent 530 doctors to Madagascar.³⁷¹ Chinese doctors, who specialise in general surgery, orthopaedic surgery, and gynaecology, work alongside their local colleagues. During the most recently completed rotation, Chinese doctors undertook 8,000 surgeries and 100,000 external consultations with Malagasy patients.³⁷² Today, the Chinese mission runs one of four Chinese-built hospitals in Mahitsy, Ambovombe, Vatomandry, and Sambava.

Infrastructure cooperation also commenced under Ratsiraka. A Chinese state-owned construction company, the National Chinese Bridge and Road Company (SNCTP), built the highway connecting Toamasina with Antananarivo, located roughly 375 km inland through mountainous terrain. The highway was constructed between 1980 and 1985 and financed with a Chinese credit line worth US \$24 million.³⁷³ The road, called the RN2 (an abbreviation of *route nationale*, which translates as National Road), is still one of the country's most important transportation links today. There is a large Chinese pagoda in the town of Moramanga, about a quarter of the way to Toamasina, commemorating this achievement.³⁷⁴ The SNCTP, which was established in Madagascar in 1970, became a joint venture between the Malagasy and Chinese states and renamed the

³⁶⁸ Madagascar, *Fiche Technique Chine-Madagascar*.

³⁶⁹ China has a long history of conducting active "health diplomacy" programmes with African countries. China's early relations with many African nations included significant aid in the form of health infrastructure, scholarships for African doctors to study at Chinese universities, and the deployment of teams of doctors to Africa. See Thompson, "China's Soft Power in Africa", 1-5. Brautigam, *The Dragon's Gift*, shows that the first Chinese medical team sent to Africa arrived in Algeria in 1963.

³⁷⁰ Thompson, "China's Soft Power in Africa", 1-5.

³⁷¹ Interview with the economic and commercial counsellor at the Chinese embassy, August 31, 2011.

³⁷² "Une Nouvelle Mission Chinoise", *La Gazette de la Grande Île*, November 19, 2011.

³⁷³ Government of Madagascar, Ministry of Foreign Affairs, 2010.

³⁷⁴ Photograph 1 at the beginning of this dissertation shows the Chinese pagoda in Moramanga.

Sino-Malagasy Public Works Company (SMATP) in 1984. Photograph 2 depicts the sign outside of the SMATP headquarters in Antananarivo in 2011.

Photograph 2: The sign outside of the SMATP headquarters in Antananarivo.



After Madagascar liberalised its economy in the 1990s, a growing number of Chinese SOEs, and to a lesser extent private Chinese enterprises, began investing in Madagascar. This dovetailed with China's own economic liberalisation that had begun in the 1970s and culminated with the formulation of the "Go Out" policy, which encouraged Chinese companies to develop a global strategy and exploit opportunities in the expanding local and international markets, in 1999. China and Madagascar signed an immigration agreement in 1996, which facilitated Chinese immigration to the island. That same year, Zafy negotiated a deal for the Chinese to construct a sports stadium in the district of Mahamasina, in central Antananarivo. The stadium was built by Sogeco Madagascar Limited (SOGECO), which was founded in Madagascar in 1994 as a subsidiary of the Anhui Foreign Economic Construction Group (AFECC).³⁷⁵ SOGECO is well known in Madagascar today and has expanded away from construction to various other sectors of Madagascar's economy, including retail, infrastructure, and mining. It is headquartered in Ivato, where it owns two restaurants and business centres, a hotel, and a large supermarket called "Horizon", which sells manufactured products and foodstuff imported from

³⁷⁵ AFECC is a Chinese state-owned construction and mining company that has an explicitly international focus. It has 14 overseas subsidiaries in Asia, Europe, Africa, the Caribbean, and the Pacific Islands.

China. To service its operations in Ivato, the company recently rehabilitated the three-km road between Ivato and the international airport.³⁷⁶ Photograph 3 shows the commemorative plaque at the entrance to the sports stadium declaring that the project was inaugurated as a sign of Sino-Malagasy cooperation under Ratsiraka in 1997.

Photograph 3: The plaque in front of the sports stadium in Mahamasina.



Sino-Malagasy relations since 2002

Sino-Malagasy relations have increased considerably since 2002. China's growing engagements in Madagascar over the past decade are partly rooted in Ravalomanana's determination to cultivate Sino-Malagasy trade, aid, investments, and cultural ties. The Sino-Malagasy relationship was a crucial component of Ravalomanana's plan to attract foreign investment and diversify Madagascar's economic partners. He visited China four times during his six years as president, which helped inform his vision for development. He first flew to China in 2004 to discuss economic cooperation and negotiate plans for China to construct the ICC, the cement factory, and to exploit mineral resources. In 2006, he met with President Hu Jintao, toured the Shenzhen SEZ, and attended the FOCAC forum in Beijing. At the invitation of the Hong Kong General Association of International Investment, he also journeyed to Hong Kong for a three-day visit with a business

³⁷⁶ Interview with a representative of SOGECO, August 19, 2011.

promotion delegation consisting of several Chinese ministerial officials.³⁷⁷ In May 2007, he returned to China to attend the annual meeting of ADB, and in August 2008 he attended the Olympic games opening ceremony in Beijing. During the last visit, he was awarded an honorary title from Peking University, China's most prestigious academic institution.

While Ravalomanana encouraged and harnessed the Sino-Malagasy relationship, a “big push also came on behalf of the Chinese themselves to secure resources and move their big public works companies into new markets”.³⁷⁸ China was among the first countries to recognise Ravalomanana's presidency in 2002, with a delegation led by the Chinese assistant foreign minister arriving in Madagascar in the wake of the victory. The group arrived in Madagascar on July 19th, 2002 to congratulate the new president, seek affirmation of the One China policy, and discuss bilateral cooperation. In 2005, Chinese Foreign Minister Li Zhaoxing flew to Madagascar to meet with Ravalomanana and his prime minister to further discuss the implementation of cooperation agreements.³⁷⁹ Chinese Vice-Premier Huang Ju also visited Madagascar in 2005, and Wu Guanzheng, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China, came in 2006. In 2007, Chinese Assistant Foreign Minister Zhai Jun attended Ravalomanana's second inauguration ceremony. Zhai reviewed bilateral ties and stated that China was ready to implement the consensus reached at the Beijing FOCAC summit in 2006 to strengthen cooperation with Madagascar in the areas of infrastructure, minerals, agriculture, and human resources development.³⁸⁰ Tables 3 and 4 show the official state visits effectuated by high-ranking officials from China to Madagascar and vice versa between 1990 and 2012.

Table 3: Chinese state visits to Madagascar, 1990 - 2012.

	Chinese official
1990	Chen Muhua, vice president of China's national popular assembly
1994	Qian Quchen, vice prime minister and minister of foreign affairs
1997	Jiang Chunyun, vice prime minister

³⁷⁷ “Madagascar President Visits South China's Special Economic Zones”, *People Daily*, April 21, 2006.

³⁷⁸ Interview with the IMF representative to Madagascar from 2008-2010, October 27, 2010.

³⁷⁹ Government of China, “Chinese, Madagascar FMs Meet”.

³⁸⁰ China (Ministry of Foreign Affairs), “Assistant Foreign Minister Zhai Jun Meets with Madagascar President Marc Ravalomanana”.

1999	Hu Jintao, vice president
2000	Wu Yi, foreign affairs counsellor
2001	Wang Zhongyu, general secretary of the foreign affairs counsel
2001	Xu Jialu, vice president of China's National Popular Assembly
2005	Li Zhaoxing, foreign minister
2005	Huang Ju, vice premier
2006	Wu Guanzheng, member of the standing committee
2007	Zhai Jun, assistant foreign minister

Sources: Pellerin, 2011 and Madagascar, Ministry of Foreign Affairs, *Fiche Technique Chine-Madagascar, 1972-2010*, and author compilations from Chinese and Malagasy media.

Table 4: Malagasy state visits to China, 1990 - 2012

	Malagasy official
1992	Francisque Ravony, vice prime minister
1993	Richard Andriamanjato, president of the national assembly
1994	Albert Zafy, president
1996	Richard Andriamanjato, president of the national assembly
1997	Erizo Razafimahaleo, vice prime minister and minister of foreign affairs
2000	Pierrot Rajaonarivelo, vice prime minister
2005	Marc Ravalomanana, president
2005	Jean Lahinitiko, president of the national assembly
2006	Marc Ravalomanana, president
2007	Marc Ravalomanana, president
2008	Marc Ravalomanana, president
2012	Pierrot Rajaonarivelo, minister of foreign affairs

2012	Olga Ramalason, minister of trade
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Sources: Pellerin, 2011 and Madagascar, Ministry of Foreign Affairs, *Fiche Technique Chine Madagascar, 1972-2010*, and author compilations from Chinese and Malagasy media.

Increases in accords and agreements signed during Ravalomanana's regime also point to an intensification of Sino-Malagasy relations during this time. Whereas 15 accords were signed between 1990 and 1999, 52 bilateral agreements were approved between 2002 and 2009.³⁸¹ Important treaties include the Accord on the Reciprocal Promotion and Protection of Investments (Investment Accord) and the Trade Agreement, which were both concluded in 2005. The Investment Accord streamlined investment regulations and procedures for Chinese entrepreneurs in Madagascar and remains the formal legal framework governing the security of transactions and Chinese FDI to Madagascar. The Trade Agreement allowed for tariff-free trade for select Malagasy goods exported to China and has been amended several times. The number of eligible goods was raised from 462 to almost 5,000 in 2010, and is supposed to reach 8,000 by the end of 2013.³⁸²

Chinese companies also fuelled Ravalomanana's plan to improve the country's infrastructures. The most visible and large-scale of these include the five-star hotel, the ICC, and the high-end gated housing complex. Ravalomanana contracted SOGECO to build these projects in 2007 and 2008 as the locales for an AU summit that Madagascar had been scheduled to host in 2009. Since Madagascar was suspended from the AU following the political crisis, the summit was cancelled, and two of the three structures have become relatively redundant. The ICC is utilised for conferences, trade fairs, and cultural performances, but the five-star hotel was empty in 2012, and the housing complex is also not commercially viable. The housing complex, which is known as the "presidential villas", and which is composed of close to 50 mansions located near the airport in Ivato, was meant to accommodate the African heads of state travelling to Madagascar for the AU meeting. When the presidential villas lost their original purpose, they were transformed into a luxury resort with a conference centre, a business centre, and a large Chinese restaurant.³⁸³ These types of projects vindicate arguments made by critics of China in Madagascar that the Chinese construct useless infrastructures in Madagascar, but insisting on their redundancy obscures an appreciation of the other, less ostentatious and more obviously

³⁸¹ Madagascar, Ministry of Foreign Affairs, *Fiche Technique Chine-Madagascar, 1972-2010*.

³⁸² Interview with the director of the Directory for the Promotion of Partnership and Entrepreneurship at the Malagasy Ministry of Commerce, August 29, 2011.

³⁸³ Interview with a representative of SOGECO, August 19, 2011.

valuable infrastructure projects that the Chinese initiated under Ravalomanana, which have been far more numerous.³⁸⁴

The China Complete Plant Import and Export Corporation (COMPLANT) and the Madagascar Long Cement Factory (MALOCI) have invigorated Madagascar's sugar and cement industries.³⁸⁵ COMPLANT, which has had operations in Madagascar since 1997, is the largest Chinese investor in Madagascar's agricultural and agro-processing sectors. COMPLANT concentrates on sugar production and processing in Madagascar through its wholly owned Malagasy subsidiary, Sucrerie de Complant de Madagascar, which manages three factories. Under Chinese management, yearly sugar output at the factory in Morondava, the first to be privately leased to COMPLANT, increased from 4,000 tonnes in 1997 to 16,536 tonnes by 2005 (with a total production capacity of 20,000 tonnes). Due to this success, COMPLANT won an additional contract worth US \$3,5 million to operate two more sugar factories in Ambilobe and Namakia, which used to be run as Chinese development projects, in 2006.³⁸⁶ Work on the MALOCI cement factory began at an initial cost of US \$10 million in March 2005 on the outskirts of Antananarivo. Production started in 2008, and the company has a weekly output of around 20,000 sacs of 50-kg cement bags. MALOCI invested US \$20 million during the construction phase, and is estimating a total investment of US \$87 million over the next decade.³⁸⁷

Chinese companies have also constructed a myriad of large and small-scale transport and energy infrastructures around the country. China Railway 18th Bureau, a subsidiary of China Railway Construction Corporation Limited (CRCC), Guangdong Xinguang International Group (Guangdong Group), China Geo-Engineering Construction Company Group (China Geo-Engineering), and Sinohydro Corporation (Sinohydro) are recent newcomers to Madagascar's construction sector. CRCC has been present in Madagascar since 2004 and is primarily engaged in the rehabilitation and construction of roads.³⁸⁸ The Guangdong Group has been involved in public utility construction projects in the Toalanaro region in the southeast of the country and in Nosy Be, since 2008 and

³⁸⁴ Interview with the World Bank country director for Madagascar, September 16, 2009.

³⁸⁵ COMPLANT was founded in 1959 under the direct supervision of the Commission for the Large State Owned Enterprises of the State Council and MALOCI is a subsidiary of Changchun Construction Group.

³⁸⁶ "SUCOMA: Une Production de 15400t de Sucre Blanc pour Cette Année", *Le Journal de l'Economie*, August 7, 2012. Taking over previously government-run development projects follows the precedent made by COMPLANT in Togo. See Brautigam, *The Dragon's Gift*.

³⁸⁷ "Maloci Operationelle", *Madagascar Tribune*, June 27, 2008.

³⁸⁸ CRCC is the second-largest Chinese state-owned construction company and currently in 133rd place on the Fortune 500 list of the world's biggest companies.

2006, respectively. China Geo-Engineering won tenders for a road reconstruction project, a sanitation project, and a potable water and plumbing project in Nosy Be in 2008. Sinohydro, the world's largest hydroelectric company, has maintained operations in Madagascar since 2006, and was contracted to construct the turbine on the country's largest hydroelectric dam, located on the Betsiboka river, in 2008.³⁸⁹

Huawei Technologies Company, Ltd. (Huawei) and Zhong Xing Telecommunication Equipment Company Limited (ZTE) have also energised Madagascar's small but growing mobile phone market. Huawei was established in Madagascar in 2001 and set up a Malagasy subsidiary in 2005. Huawei provides mobile phone and data networks for Madamobil and offers Internet services under the "Life" brand, and plans to unveil Madagascar's first mobile broadband network. In 2011, it won projects to construct an underwater fibre-optic network linking Madagascar with Reunion and Mauritius and to expand the network of Airtel, an Indian-owned mobile phone provider in Madagascar.³⁹⁰ ZTE, its rival, acquired a contract in 2007 to sell mobile phones to Telma, a different Indian mobile-phone operator which dominates the local market. ZTE quickly became one of Telma's best sellers in Madagascar's fast growing mobile phone market.³⁹¹ Low-cost portable phones introduced by Huawei and ZTE have revolutionised mobile communication in Madagascar, which can significantly enhance the conduct of business. In 2006, Telma had introduced Motorola phones in Madagascar, but by 2008, Motorola and Nokia (who had already entered the market prior to Motorola) had been pushed out of the market by Huawei and ZTE, who sold phones for 10,000 Ariary (approximately US \$5), which is within the purchasing power of many Malagasy.³⁹²

Since 2009, China has balanced its competing agendas of maintaining a strong economic presence in Madagascar while not appearing to support the internationally sanctioned government in the country. Beijing is careful not to be viewed as providing political support to the Malagasy government, but it has neither condemned nor expressed support for the HAT. China follows the international standard by not officially recognising the HAT as the legitimate government of Madagascar. Chinese diplomats do not attend Malagasy state events and do not invite members of the HAT to theirs, and the Chinese government even requested that Madagascar not send a representative to the FOCAC meeting in Sharm-el-Sheik in late December 2009. However, China has

³⁸⁹ Interview with JIRAMA, September 1, 2011.

³⁹⁰ Discussion with the director of Airtel Madagascar, September 29, 2011.

³⁹¹ "Telephonie: Vers les Portables Chinois", *L'Express de Madagascar*, December 28, 2007.

³⁹² Interview with the president of FIMPA, December 12, 2010.

maintained diplomatic relations inside Madagascar. Upon arriving in Antananarivo in March 2012, the new Chinese Ambassador Shen Yongxiang presented his credentials to the Ministry of Foreign Affairs and subsequently met with Prime Minister Beriziky to discuss the socio-economic and political situation. An article in the *Express de Madagascar* covered the story under the title “the Chinese are coming back”, but this is a rather inaccurate reflection of China’s relations with the HAT, since the Chinese never really “left”.³⁹³ Trade and investment relations have also continued relatively unfettered, and as evidenced by the HAT’s negotiations with WISCO and the CIF, in some cases they have grown. Likewise, while Chinese aid initially decreased after the crisis in 2009, it has begun to recover as well. China reported its aid contribution in 2008 as US \$34 million. This fell to US \$14 million in 2009, US \$2 million in 2010, and has recovered marginally to US \$4 million by the end of 2011. China’s share of total aid contributions to Madagascar has decreased from a somewhat larger share of 11% in 2008 (behind the EU and the US, and just ahead of France and Norway), to 6% in 2009 and 1% in 2010, rising back up to 5% in the first quarter of 2011.³⁹⁴

Chinese development aid to Madagascar

Determining Chinese development aid to Madagascar is no simple task. Relatively little can be said in precise figures about Chinese aid, since China views trade and investments as forms of aid and includes these in its aid figures.³⁹⁵ China also considers the amount or type of foreign aid it disburses a state secret, and official figures on aid allocations to specific countries or specific sectors and on overseas development projects simply do not exist publicly. The Chinese government releases very little information about the quantities of aid it gives. The dearth of information given on aid is compounded by the relatively opaque management structure of China’s foreign aid apparatus. A number of Ministries and organisations within the Chinese government are responsible for different aspects of its foreign aid activities. The Chinese Ministry of Commerce is the administrative department authorised by the State Council to oversee foreign aid and is responsible for the formulation of foreign aid policies, regulations, annual plans, and for the examination, approval, and management of foreign aid projects. The Executive Bureau of International Economic

³⁹³ “Les Chinois Reviennent”, *L’Express de Madagascar*, March 15, 2012.

³⁹⁴ www.amp-madagascar.gov.mg.

³⁹⁵ Grimm, *Transparency of Chinese Aid*.

Cooperation, China International Centre for Economic and Technical Exchanges, and the Academy of International Business Officials affiliated with the Ministry of Commerce are in turn entrusted with the implementation of technical cooperation projects and material aid projects, and with the management of training programs connected to China's foreign aid. The Ministry of Finance prepares the overall budget for foreign aid, while the China Exim Bank and the China Development Bank are tasked with the assessment of projects with concessional loans, and for the allocation and recovery of these loans.³⁹⁶

The Malagasy government also does not keep a reliable record of development aid coming into the country. Before 2008, there was no national aid tracking or management system. In 2008, the Aid Management Platform (AMP) was launched under the supervision of the Permanent Technical Secretariat for Aid Coordination at the prime minister's office in order to promote transparency and encourage collaboration among donors. Supported by the UNDP, the OECD, the World Bank, and the Government of Ethiopia, the AMP sources information from donor countries and organisations on a quarterly and voluntary basis and publishes it on a freely accessible website.³⁹⁷ The project came online in 2009, and Madagascar requested that China begin supplying information on its development aid funding in 2010. China joined the initiative in 2010 and began contributing information to the database in May 2011. Since China gives information to the AMP voluntarily, this database most likely does not accurately reflect Chinese aid inflows to Madagascar.³⁹⁸ Moreover, although the AMP is online, various Malagasy institutions still retain their own aid figures. The Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Finance and Economics, and the Malagasy Central Bank each maintain their own records. INSTAT has some data available, but it relies on the Malagasy Ministries for information. The World Bank and the IMF also compile statistics, but often these are just as skewed because they continue to receive their data from the Central Bank and the Malagasy Ministries. The IMF in Madagascar usually has three sets of data. It derives its own figures from research undertaken by IMF employees, it as those given to it by the Malagasy government, and it produces a third set that combines the two.³⁹⁹

Based on available information, I compiled a list of Chinese development projects to Madagascar since 1992. This data is derived from INSTAT, the AMP,

³⁹⁶ Grimm, *Transparency of Chinese Aid*.

³⁹⁷ See www.amp-madagascar.gov.mg.

³⁹⁸ Interview with the director of the Malagasy Permanent Technical Secretariat for Aid Coordination, August 29, 2011.

³⁹⁹ Interview the resident representative of the IMF to Madagascar from 2008-2010, September 27, 2010.

various Malagasy Ministries, the Chinese embassy in Antananarivo, and reports of Chinese aid flows in the Malagasy media. Since each of these sources offered an incomplete account of Chinese development statistics due to the reasons described above, I compared statistics from INSTAT and the AMP with information obtained in interviews and Malagasy newspaper articles. These aid flows encompass funding given by China to promote economic and social development in Madagascar. The figure excludes military grants given by China to Madagascar, as these are not deemed development aid. The four primary areas targeted by Chinese development aid in Madagascar over roughly the past two decades are infrastructure, education, health, and agriculture. Table 5 shows Chinese development aid projects to Madagascar between 1992 and 2010.

Table 5: Chinese Development Aid Projects in Madagascar, 1992 - 2010.

	Type of aid	Sector	Type of funding
1992	US \$16 million	Economic	Interest-free loan
1993	US \$8 million	Economic	Grant
1996	Construction of the sports stadium	Infrastructure	Loan
1996	US \$8 million (destined for the Complant upgrade)	Infrastructure	Interest-free loan
1999	US \$19 million	Infrastructure	Grant
2000	US \$480 thousand	Economic	Grant
2001	US \$4,8 million for the rehabilitation of the road connecting Ampitabe to Vatomandry	Infrastructure	Grant
2001	US \$160 thousand	Infrastructure	Grant
2001	4 Chinese technicians sent to help with the planning of a new	Infrastructure	Technical Assistance

	sports stadium		
2001	Partial debt cancellation	Finance	
2002	US \$4,8 million	Economic	Grant
2004	US \$9,6	Economic	Grant
2005	Complete debt relief	Finance	
2005	US \$4,8 million	Economic	Interest-free loan
2006	Anti-malaria medicine	Health	Donation
2006	3,416,149 school uniforms	Education	Donation
2007	Hybrid rice centre	Agriculture	Technical Assistance
2007	Construction of the five-Star hotel	Infrastructure	Loan
2008	Construction of the presidential villas	Infrastructure	Loan
2008	Plumbing facilities for hospitals	Health	Loan
2008	Anti-malaria medicine	Health	Donation
2008	US \$481 thousand for the hybrid rice project	Agriculture	Grant
2008	US \$24,5 million	Education	Donation
2008	Construction of a hospital with 150 beds	Health	Loan
2009	Anti-malaria centre	Health	Technical

			Assistance
2009	Technical cooperation on the ICC	Infrastructure	Technical Assistance
2009	Natural disaster relief	Humanitarian	Donation
2009	Construction of the road to the ICC	Infrastructure	Loan
2010	Hybrid rice project	Agriculture	Technical Assistance
2010	56 tonnes of rice	Agriculture	Donation
2010	Hybrid rice seeds	Agriculture	Donation

Sources: Madagascar (INSTAT), *Etudes sur les Investissements Direct Etrangers à Madagascar*, Madagascar (Ministry of Foreign Affairs), *Fiche Technique Chine-Madagascar, 1972-2010*, Interview with the Malagasy Minister of Water, November 12, 2010, Interview with the Malagasy Minister of Commerce, November 29, 2010, Interview with the economic and commercial counsellor at the Chinese embassy, August 17, 2011, and the AMP database.

China's hybrid rice project

In 2007, Madagascar was chosen as the location of one of 20 Chinese agricultural technology demonstration projects built throughout Africa. Chinese development aid in agriculture has the potential to ameliorate living conditions for many Malagasy. Since the 1970s, China has reached and exceeded the food security standard set by the UN's Food and Agricultural Organisation, feeding more than 20% of the global population with about 9% of the world's arable land. China achieved this through state-directed agricultural initiatives, which provided the foundation for urbanisation and export- and industrialisation-oriented growth in the country.⁴⁰⁰ Today, rice production in China averages eight tonnes per hectare, while the average output for all of Africa is one tonne per hectare.⁴⁰¹ China's success at domestic rice cultivation should help to dispel rumours that

⁴⁰⁰ See Xiaoyun, Gubo, Lixia, Lixia, Leshan, Zhangfen, and Jin, *Agricultural Development*.

⁴⁰¹ Interview with the economic and commercial counsellor at the Chinese embassy, August 31, 2011. See also Xiaoyun, et al., *Agricultural Development*, for a comparison between Chinese and African agricultural development programmes.

China is purchasing African land to enhance its agribusiness and grow food for its population at home, which are contrary to the reality of very sparse Chinese investment in land.⁴⁰² In Madagascar, it is commonly believed that Chinese investors were negotiating with President Ravalomanana during the Daewoo affair in 2008. In effect, China's engagements in the agricultural sector are enhancing rice productivity in Madagascar.

The Chinese-funded Project for Sino-Malagasy Agricultural Cooperation was launched inside the National Centre for Applied Rural Development in Mahitsy, 30 km to the west of Antananarivo, in November 2007.⁴⁰³ A rice cultivation centre was subsequently built in Mahitsy with the technical assistance of the Hunan Academy of Agricultural Sciences in China. Since then, China has donated US \$481,000, several tonnes of hybrid rice seeds, and sent a technical assistance team to help with the project. Between 2007 and 2010, average rice output at the centre rose from two to seven tonnes per hectare.⁴⁰⁴ The scheme was renewed in November 2010 and is currently in its second phase. To date, 56 tonnes of donated seeds have been sowed and over 680 hectares have been harvested, which has resulted in a maximum yield of 10,2 tonnes per hectare. Chinese technicians work with Malagasy counterparts, transferring their knowledge and skills. In 2011, the centre had trained 100 Malagasy in agricultural technology for senior managerial positions.⁴⁰⁵ This implies that the project can be continued without Chinese assistance and emulated in other parts of the country. Increased rice yields also translate into more rice on the domestic market, which would increase the supply and lower the price of rice. The Malagasy government has celebrated the centre as an example of how Chinese aid in Madagascar targets those sectors of the economy that are vital to its long-term development prospects.⁴⁰⁶

Empirical evidence strongly favours support for improved agricultural production as an important part of any strategy to reduce the high poverty and food insecurity rates currently prevalent in rural Madagascar. The country's downward trend in agricultural output has been due to a combination of out dated farming techniques not being able to cope with population growth, a dearth of fertiliser, and poor infrastructure. A study comparing the growth-generating power of alternative agricultural development strategies in Madagascar found that

⁴⁰² Brautigam and Xiaoyang, "Economic Statecraft", 799-816.

⁴⁰³ Interview with the Malagasy minister of agriculture, November 5, 2010.

⁴⁰⁴ Madagascar (Ministry of Agriculture) "Cooperation Sino-Malagasy".

⁴⁰⁵ Interview with the economic and commercial counsellor at the Chinese embassy, August 31, 2011.

⁴⁰⁶ Interview with the Malagasy minister of agriculture, November 5, 2010.

investment in rehabilitating small irrigated rice perimeters generates 40% to 100% more GDP than a comparable investment in for example coffee production. The growth in rice paddy productivity was also identified as generating greater employment and a more equitable income distribution.⁴⁰⁷ Controlling for geographical and physical characteristics, communes in Madagascar that have higher rates of adoption of improved agricultural technologies and, consequently, higher crop yields enjoy lower food prices, higher real wages for unskilled workers, and better welfare indicators.⁴⁰⁸

However, there is reason for caution, which is related to China's commercial rationale in the promotion of hybrid rice technology. The cultivation of hybrid rice has the potential to increase rice yields in Madagascar and combat hunger in acute times of need, but it should not be seen as a panacea for Madagascar's shortage of rice production. According to the Chinese government, the goal of the hybrid rice project is to encourage food security in Madagascar and to promote the idea that rice exportation should be a primary goal of the Malagasy government.⁴⁰⁹ While hybrid rice technology increases choice for farmers and increases productivity, its cultivation requires new seeds for every growing season. This means that Malagasy farmers cannot reuse the grain harvest, which they traditionally do. It also implies that Madagascar would either have to build several more centres where hybrid seeds can be multiplied, or continuously purchase seeds directly from China. China leads the world in hybrid rice technology and is the world's principal producer of hybrid rice seeds. Currently, the demand for new seeds is outstripping supply. If Madagascar were to become dependent on this technology, it would have to source almost all of its seeds from China under unfavourable market conditions. In addition, hybrid rice cultivation not only requires the constant purchase of new seeds to keep yields high, it also requires significant amounts of fertiliser and pesticides, which are rarely used in Madagascar, to be most effective. Moreover, the discovery in 2010 that 120 tonnes of hybrid rice seeds from China were infected with a virus has dampened local enthusiasm for the technology.⁴¹⁰

The success of China's agricultural investments will depend on the actions of the Malagasy government, those of the farming communities, and ultimately on their local sustainability. The impacts of China's agricultural projects are

⁴⁰⁷ Dorrosh and Haggblade, "Agriculture-led Growth", 165-180.

⁴⁰⁸ Minten and Barret, "Agricultural Technology, Productivity and Poverty", 797-822.

⁴⁰⁹ Interview with the economic and commercial counsellor at the Chinese embassy, August 31, 2011.

⁴¹⁰ "Riz Hybride Chinois: Vers une Colonisation Commerciale", *La Gazette de la Grande Île*, March 22, 2012.

contingent on the ability of local governments to deliver changes at grass-roots level and to co-ordinate economic activities between small-scale farmers and supply chains, especially in conditions of poor market access prevalent in Madagascar's economy.⁴¹¹ Instead of focusing solely on hybrid rice technology, Malagasy farmers should also be encouraged to promote domestic rice varieties and apply the system of intensive rice cultivation (SRI), which was developed in Madagascar in the 1980s.⁴¹² SRI is a cheaper, more organic, and environmentally friendly approach to increase rice productivity. It has been adopted in over 30 countries, can be practiced with any seed, and if implemented correctly, it produces a higher yield than hybrid rice.⁴¹³ The Malagasy National Research Centre for Rural Development has also developed several other varieties of rice seeds adapted to different agro-ecological systems in the country that have shown good returns. Nonetheless, China's emphasis on rice cultivation is positive, and the introduction of new methods to enhance rice productivity in the country increases choice for farmers and addresses one of Madagascar's fundamental infrastructure deficits.

Sino-Malagasy trade and investments

Increases in official Sino-Malagasy development relations over the past two decades have paralleled with growing trade and investments links. Chinese imports accounted for 15% of all of Madagascar's exports in 2000, for 26% in 2008, and for 39% in 2011.⁴¹⁴ The majority of Chinese exports to Madagascar are consumer goods, including electronics, paper and plastic products, chemical products, and textiles, while China primarily imports raw materials. Between 1997 and 2009, Madagascar's principal ten exports to China were, in order of importance, wood, chrome, mica, raffia, plant fibres, hides and skins, precious gemstones, woodworks, essential oils, and quartz.⁴¹⁵ The Trade Agreement negotiated in 2005 was intended to help rectify this imbalance by encouraging the

⁴¹¹ Sun, *China's Agricultural Investments*.

⁴¹² "Riz Hybride Chinois: Vers une Colonisation Commercial", *La Gazette de la Grande Île*, March 22, 2012.

⁴¹³ SRI methodology is based on four main principles that interact with each other, including early, quick and healthy plant establishment, reduced plant density, improved soil conditions through enrichment with organic matter, and reduced and controlled water application. See the project launched by Cornell University at: www.sri.ciifad.cornell.edu.

⁴¹⁴ Madagascar (Ministry of Commerce and Industry) "Chine-Premier Pays Importateur a Madagascar", press statement, February 12, 20112.

⁴¹⁵ Madagascar (INSTAT), *Imports et Exports Effectuées par Madagascar Vers et Aupres les Dix Principaux Pays*.

diversification of Malagasy exports to China, which has occurred to a certain extent. In 1997, Madagascar sold 17 types of products to China. By 2007, 111 different items were exported to China.⁴¹⁶ However, the items eligible for zero-tariff entry to China are overwhelmingly primary commodities and unmanufactured products. Most of the products benefiting from the provisions in the Trade Agreement are essentially materials and inputs, such as spare parts or components, which are then utilised to manufacture products in China, and outputs from farming, mining, breeding, forestry, and fisheries. Table 6 shows the volume of Sino-Malagasy trade between 2005 and 2010, table 7 displays China's position among Madagascar's ten primary sources of imports over the same period, and tables 8 and 9 show Madagascar's mineral exports to China.

Table 6: Sino-Malagasy bilateral trade, 2005 - 2010, US \$ million.

	Madagascar to China	China to Madagascar
2005	31	231
2006	20	320
2007	22	419
2008	40	666
2009	45,5	337
2010	57	313

Source: Madagascar (INSTAT), *Imports et Exports Effectuées par Madagascar vers et Aupres les Dix Principaux Pays*.

Table 7: Madagascar's sources of imports, 2005 - 2010, US \$ million.

	2005	2006	2007	2008	2009	2010
France	235,7	235,6	230,3	279,6	290,4	344,2
China	231,3	320,8	419,2	666,3	337	313,3

⁴¹⁶ Razafindravanona, Rakotomanana, and Rajaobelina, *Impact of Investment Relations*, p. 12.

South Africa	97,2	104,8	118	192,4	134,5	199,1
USA	39,2	65	77,6	158,2	102,4	148,4
Bahrain	216,6	298,6	334,1	251,7	104,2	141,2
Mauritius	122,8	55,6	65,5	70,3	139,4	134,6
Belgium	45,6	31,2	30,5	49,4	188,8	97,6
India	98,1	53	63	149,8	118,1	60,7
Germany	42	44,5	53,1	132,9	66,1	57,9
Thailand	32,3	27,2	34,6	59,2	548,6	46,3

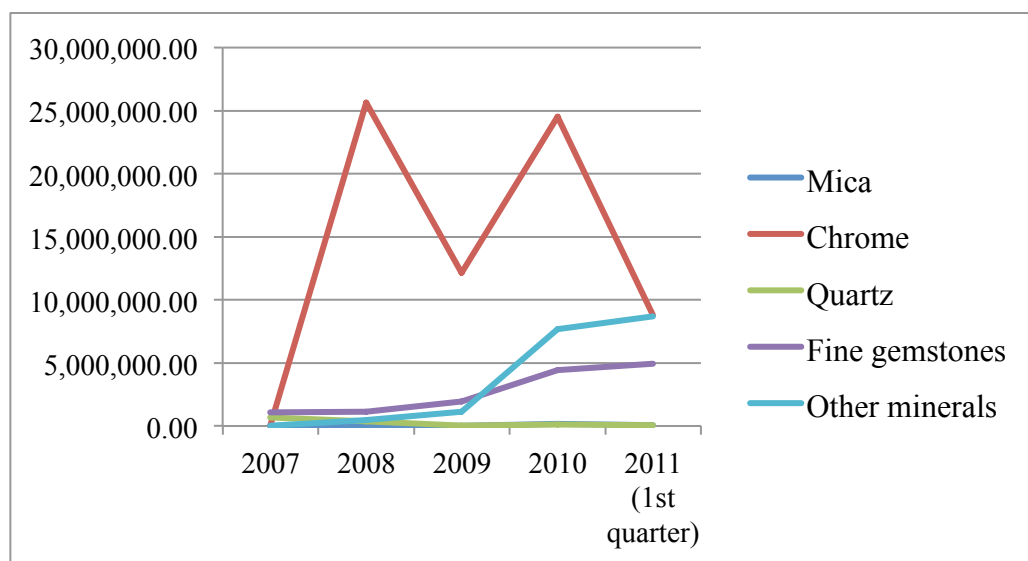
Source: Madagascar (INSTAT), *Imports et Exports Effectuées par Madagascar vers et Aupres les Dix Principaux Pays*.

Table 8: Madagascar's mineral exports to China, US \$ million.

	2007	2008	2009	2010	2011 (1st quarter)
Mica	3,802,000	No data	4,487.53	174,946.96	81,259
Chrome	9,120,774	25,636,953	12,156,913	24,536,299	8,799,643
Quartz	663,751	365,065	30,126	119,370	44,087
Gems	1,069,888	1,109,140	1,922,720	4,451,417	4,915,01855
Other	20,708	459,539	1,118,162	7,670,853	8,676,209

Source: Madagascar (INSTAT), *Imports et Exports Effectuées par Madagascar vers et Aupres les Dix Principaux Pays*.

Table 9: The growth of Madagascar's mineral exports to China.



Source: Madagascar (INSTAT), *Imports et Exports Effectuées par Madagascar vers et Aupres les Dix Principaux Pays*.

FDI to Madagascar has also increased. Not accounting for the investments in the extractive industries, in 2008 China held the 10th biggest stock of FDI in Madagascar, behind the UK, Canada, Japan, South Korea, France, Mauritius, Bermuda, Italy, and Bahrain, giving it a 7% share of FDI in Madagascar for that year.⁴¹⁷ The noticeable spike in 2010 indicates that the monetary value of Chinese investments in Madagascar rose substantially after 2009 at a time when other sources of FDI fell, but this rise is due to the large investment made by WISCO that year. Before 2006, the distribution of Chinese FDI stock in Madagascar was dominated by the telecommunications, financial, commerce, and manufacturing sectors, which includes textiles. Since 2008, Chinese FDI inflows have increasingly moved towards the manufacturing and construction sectors. Table 10 demonstrates the growth of Chinese FDI to Madagascar between 2006 and 2010, and tables 11 and 12 show that the nature of Chinese investments in Madagascar has evolved. Since non-extractive industries FDI from China to Madagascar initially decreased after 2009, 2006 and 2008 are given as examples.

⁴¹⁷ Razafindravonona, Rakotomanana, and Rajaobelina, *Impact of Investment Relations*.

Table 10: Chinese FDI to Madagascar 2006 - 2010, US \$ million.

	2006	2007	2008	2009	2010 (1 st quarter)
FDI inflow	3	1.4	2.3	8.5	61.4
FDI stock	14.7	26.5	27.6	36.3	99.1

Source: Madagascar (INSTAT), Etudes sur les Investissements Direct Etrangers a Madagascar.

Table 11: The structure of Chinese FDI stock by sector, 2006.

	Value (US \$ million)	Percentage
Telecommunications	13,822,401	83,27
Financial	24,695,97	14,88
Manufacturing	224,492	1,35
Commerce	64,976	0,39
Real Estate	10,334	0,06
Transport	6,155	0,04
Construction	978	0,01

Source: Razafindravonona, Rakotomanana, and Rajaobelina, *Impact of Investment Relations*.

Table 12: Structure of Chinese FDI stock by sector, 2008.

	Value (US \$ million)	Percentage
Mining	8,5	0,01
Telecommunications	13,362,71	22,03
Financial	553,63	0,91
Manufacturing	27,153,54	44,76
Commerce	345,93	0,57
Real Estate	276,04	0,46
Transport	7,73	0,01
Construction	18,952,36	31,24
Agriculture	2,66	0,00

Source: Razafindravonona, Rakotomanana, and Rajaobelina, *Impact of Investment Relations*.

As Sino-Malagasy aid, trade, and investment relations have grown Chinese SOEs have increasingly entered the Malagasy market. Chinese SOEs can marshal substantial amounts of capital, people and expertise, and in many cases, they have proven themselves to be competent, cost-effective, and fast in delivering the projects for which they have been contracted.⁴¹⁸ Determining the number of Chinese SOEs in the country is difficult for a number of reasons. There is some uncertainty over which Chinese companies are state-owned, which operate under some degree of state influence, and which are truly private. Chinese SOEs are considered to receive preferential treatment when bidding on contracts because they enjoy the support of the Chinese government. According to Colas, a leading French road construction firm with significant interests in Madagascar, “the Chinese firms outmanoeuvre Western companies with personal relationships and sheer money. The French embassy would not intervene to help Colas get a contract, but Chinese companies do not hesitate to get their government to intervene on their behalf and lobby in the background. In some cases this even goes all the way to the top of their governments”.⁴¹⁹

Many of the larger Chinese companies and corporations who are operating in Madagascar as private sector entities also enjoy the protection afforded by diplomatic visas, suggesting a close connection between the Chinese state and ostensibly private Chinese companies in Madagascar. A higher number of diplomatic visas are issued for Chinese nationals than for any other foreign representation in Madagascar, even though the Chinese embassy is not the largest. Private Chinese companies are also known to have imported vehicles that are registered with the Chinese embassy.⁴²⁰ Compounding these issues is the fact that some Chinese companies do not register with the Malagasy Ministry of the Interior as prescribed by Malagasy law, and the bigger Chinese companies who do register with the Malagasy authorities generally do so at different Ministries.⁴²¹ Most likely, all of the large Chinese companies and multinationals operating in

⁴¹⁸ See Alden and Davies, “Chinese Multinationals in Africa”, 83-96, for a profile of Chinese SOEs in Africa.

⁴¹⁹ Interview with the managing director of Colas, August 29, 2011.

⁴²⁰ Interviews with the directors of the Asia Pacific section and diplomatic visa services at the Malagasy Ministry of Foreign Affairs, October 15, 2010 and October 20, 2010, respectively.

⁴²¹ Interview with the senior private sector development specialist at the World Bank, September 22, 2010.

Madagascar have connections to the Chinese government.⁴²² Membership in the Association of State-Owned Companies in Madagascar (ASEM), created in 2010 to group together Chinese SOEs in Madagascar, suggests that there are currently 15 to 20 SOEs operating in the country.⁴²³

Chinese firms in Madagascar contribute to local employment and training opportunities, which may facilitate skills transfers and the maintenance of infrastructure projects. Chinese construction companies rarely compete with indigenous construction companies, which usually lack the capacity for large-scale construction projects, in the initial stage of their engagement in an African country, but often hire local labourers.⁴²⁴ In Madagascar, employment generated by Chinese investors represented 10,7% of employment created by all foreign investors in 2008, especially in the manufacturing and telecommunication sectors.⁴²⁵ This is relatively small but significant, especially considering that there is no legal requirement for foreign investors to employ a certain percentage of local labour in Madagascar. The Chinese SOEs that are members of the ASEM employ between 30,000 - 50,000 Malagasy.⁴²⁶ The percentage of local labour employed depends on the type and size of the Chinese firm in question. CRCC employs around 900 Malagasy employees and six Malagasy engineers at its road construction sites every day.⁴²⁷ Upper management at SMATP is both Chinese and Malagasy, but most of its employees and unskilled labourers are Malagasy.⁴²⁸ SOGECO and COMPLANT are both labour-intensive companies that have technical training and management programs for their Malagasy staff. COMPLANT's investment into Madagascar's agriculture sector has resulted in the employment of approximately 8,000 Malagasy and 100 Chinese workers, most of which are in managerial positions. COMPLANT provides training to its employees on an annual basis through cooperation programs with the universities in Antsirananana and Mahajanga.⁴²⁹ SOGECO employs approximately 2,000 Malagasy and 300 Chinese, and trains Malagasy labourers where necessary.

⁴²² The Chinese government typically appoints their directors. See McGregor, *The Party*, for an interesting account of the various mechanisms through which the Chinese government overtly and covertly influences its SOEs.

⁴²³ Interview with the economic and commercial counsellor at the Chinese embassy, September 21, 2010.

⁴²⁴ Corkin and Burke, "China's Interests and Activities".

⁴²⁵ Razafindranonana, Rakotomanana, and Rajaobelina, *Impact of Investment Relations*.

⁴²⁶ Interview with the commercial and economic counsellor at the Chinese embassy, September 21, 2010.

⁴²⁷ Interviews with two managers at CRCC, August 31, 2011.

⁴²⁸ Interview with the manager of SMATP, September 1, 2011.

⁴²⁹ Interview with the director of COMPLANT, August 19, 2011.

SOGECOA offers local employees US \$100 per month, which is a good wage in a country where the annual medium income is less than US \$400.⁴³⁰

Chinese SOEs in the country source most of their capital inputs from China, and in some cases from Europe instead of from the local economy, which is mainly due to a lack of technological and production capacity in Madagascar. CRCC has acquired close to US \$8 million worth of equipment from China, including excavators and other hydraulic machines, to service its operations in Madagascar.⁴³¹ SMATP obtains the majority of its equipment from France and other European countries.⁴³² COMPLANT and SOGECOA try to source inputs locally where they can due to the high costs of importing machinery and the difficulty of locating spare parts for foreign machines in Madagascar, which provides opportunities for the local private sector through backward links into the economy, but they import the more specialist and high-tech equipment from China as well.⁴³³

Often, these SOEs receive funding for their projects in Madagascar from foreign and multilateral development agencies, including the World Bank, the ADB, the EIB, and the BADA. The majority of financing is for road rehabilitation or sanitation projects. CRCC, the Guangdong Group, and China Geo-Engineering have all been hired by these agencies. CRCC has built several roads and bridges in Madagascar after winning tenders from the World Bank and the ADB, including a 110-km long stretch of the RN34 that connects the towns of Miandrivazo with Malaimbady between Antsirabe and Morondava on the country's western coast. CRCC bid on the tenders after it received news of a US \$700 million loan from the World Bank to the government of Madagascar destined for the rehabilitation of the country's transportation infrastructure.⁴³⁴ Both Guangdong Group and China Geo-Engineering also have three ongoing projects in the country that are financed by the World Bank. SMATP similarly mostly sources its financing through the World Bank, the ADB, and the BADA, the latter of which is currently the only financial institution that continues to receive funding for new projects in Madagascar despite the persistence of the political crisis. SMATP recently constructed the national road known as the RN44 connecting the town of Moramanga to the RN7, as well as the main thoroughfare called the "hydrocarbure" road in Antananarivo.⁴³⁵ Sinohydro, the world's largest

⁴³⁰ Interview with the spokesperson for SOGECOA, August 18, 2011.

⁴³¹ Interviews with two managers at CRCC, August 31, 2011.

⁴³² Interview with the manager of SMATP, September 1, 2011.

⁴³³ Interview with the director of COMPLANT, August 19, 2011, and the spokesperson for SOGECOA, August 18, 2011.

⁴³⁴ Interview with two managers of the CCRC, August 31, 2011.

⁴³⁵ Interview with the manager of SMATP, September 1, 2011.

hydroelectric company, first entered the Malagasy market in 2006 after it won several bids from the World Bank and the ADB. In 2008, the BADA and the Kuwaiti Development Fund contracted the Chinese SOE to build a third turbine at the Andekaleka dam on the Betsiboka River, which provides the Antananarivo region with 30% of its energy, for US \$32 million. Construction on the turbine began in December 2008 and was completed in 2010. The new turbine has raised the energy output of the dam from 60 to 94 megawatts and reduced the operational costs of the other, smaller thermal energy plants in the country. The construction of a fourth turbine, which would be financed by the EIB and be capable of providing an additional 34 megawatts at a cost of US \$28 million, is being considered.⁴³⁶

Contracts between the Chinese and Malagasy governments involving loans or credit lines to the Malagasy government are also sometimes subject to external donor regulations. This means that Chinese companies who are financed by the Exim Bank or one of the other Chinese agencies do not always operate in isolation from Western financing and development aid standards. The example of how China was conditioned by the IMF to change the terms of its agreement with Ravalomanana to construct the ICC and five-star hotel in 2008 is instructive in this regard. The constructions of the ICC and hotel were both negotiated at the same time, but they were originally conceived as two separate agreements. The ICC was a grant by the Chinese government, and the hotel was a commercial agreement between the Malagasy government and SOGECO. SOGECO's payment was to be funded by an Exim Bank loan to the Malagasy government, which meant that for Madagascar to construct the hotel it had to assume a public debt to China. This required the agreement to be consistent with the IMF's concessionality rules.⁴³⁷ When representatives from Exim Bank arrived in Madagascar to finalise the loan, the IMF informed the parties that it could not be extended because the terms of the agreement were too high for Madagascar. Finally, the ICC grant and the hotel were fused into one project so that the grant element exceeded the loan component.⁴³⁸

Increased management of the sustainability and positive side-effects of Chinese infrastructure projects is possible through public-private partnerships such as the one described above, and through enhanced quality control on behalf of the Malagasy government. It is also contingent on the intensification of

⁴³⁶ Interview with JIRAMA, September 1, 2011.

⁴³⁷ When a country with an IMF programme takes out a public loan, interest rates must be lower than a certain amount determined by the IMF, the loan must have a long grace period (before the payment of the principle begins), and long repayments periods.

⁴³⁸ Interview with the IMF representative to Madagascar from 2008-2010, October 27, 2010.

Chinese and Malagasy interactions through joint ventures, and on stipulations on local labour components, technology, and training capacities. With adequate equipment, oversight, and control mechanisms, Chinese companies perform at the same level of quality as Western companies, but often at a cheaper rate. This has occurred to such an extent that the ADB prefers to contract Chinese companies because they are cheaper than many companies from other countries, and because they complete their projects in a timely, effective manner. In Madagascar, the ADB even intervened on the behalf of a small Chinese construction firm after the Malagasy government had turned down its offer to build a road. The Malagasy government is wary of companies that it is not familiar with, making it more difficult for smaller, less-known Chinese construction companies to enter the market for government contracts. Once the ADB offered to oversee the project, the government agreed, and the project was completed to its satisfaction.⁴³⁹

Conclusion

Malagasy recognition of Chinese sovereignty over Taiwan in 1972 paved the way for diplomatic relations and the subsequent formulation of trade and technical agreements. Sino-Malagasy development ties, once defined by small, targeted development aid projects in health and two large infrastructure projects, have expanded into a political and business partnership. China's engagements in Madagascar have increased substantially throughout the 1990s, and especially since they were cultivated by Ravalomanana after 2002. Since 2009, diplomatic relations have been somewhat dampened, but Sino-Malagasy trade and investments have continued. Today, Chinese engagements at the state level still retain an emphasis on agriculture and health, but the confluence between Chinese aid, trade, and investment projects demonstrates that China's approach has shifted from an ideologically motivated engagement to a more commercially minded one. Figures depicting the Sino-Malagasy trade relationship, rising FDI from China to Madagascar, and the type of development projects being implemented in Madagascar demonstrate the size, growth, and evolving nature of the Sino-Malagasy economic relationship. Yet what is remarkable about China's political and economic relations with Madagascar is not so much their size, but rather the ways in which Chinese aid, trade, and investments in Madagascar function in tandem. Many Chinese development aid projects are being carried out by SOEs who have an explicit profit-making incentive, rendering them as donor and client.

⁴³⁹ Interview with the ADB representative in Madagascar, September 30, 2010.

In stressing the crucial role of public investments in infrastructure and agriculture as a basis for private sector growth, China is contributing to the foundations needed for economic growth in Madagascar. Investments in infrastructure alleviate supply-side constraints to Madagascar's integration with the global economy, and each of the different components of infrastructure development are mutually reinforcing. A network of roads, railways, and ports facilitate the movement of goods and services. To certify the efficient functioning of technical equipment, commodity processing, and the day-to-day business of companies more generally, Madagascar needs good and efficient power infrastructure. Productivity, in turn, is enhanced by investments in health facilities that ensure an able-bodied workforce. If the real solution to Madagascar's problems are not a matter of the right monetary and fiscal policies, but of roads, fertilisers, hospital beds, and malaria nets, which are characterised as "readily available technocratic solutions which are missing only for lack of funds", then China's engagement in Madagascar might help bring about practical solutions to pressing and fundamental development issues in the country.⁴⁴⁰

Over the past decade, a growing acceptance of China's role as a provider of infrastructure finance is manifest in the number of Chinese SOEs that are winning construction contracts from multilateral development agencies. This suggests that concerns about China's developmental impacts in Africa are both hypocritical and exaggerated. It could also create new pressures for Western development agencies to be more effective in the disbursement of their finance, and to more explicitly expand development cooperation beyond aid without compromising its own principles. Both the ways in which China conceives of development aid and the manner in which it distributes it are arguably already affecting traditional donor policies towards Africa. Western donors have recently rediscovered infrastructure on their agendas for development cooperation. Agriculture is also becoming a component of Western development aid again and increasingly features in discussions on a new World Bank strategy since late 2010.⁴⁴¹ This highlights the complementarities between China and other economic actors in Africa. It also alters the prevailing discourse from one that is intent on deciphering whether or not China has a particular development aid model, or how this influences governance in various African countries, to how the Chinese state itself can be engaged to improve developmental prospects in places like Madagascar.

⁴⁴⁰ Mohan and Power, "Economic Geography of Development", 24-28, p. 1.

⁴⁴¹ Grimm, *Transparency of Aid*.

Chapter 5: Chinese migrants: “les anciens et les nouveaux”

Introduction

Since state-to-state relations between China and Africa can be opportunistic and politicians sometimes prone to promote their personal interests over those of the nation, private links between Chinese migrants and Africans are equally as important as those between their leaders. As more Chinese SOEs are seen building roads and buildings, small-scale traders from China are also becoming a common sight throughout African cities. Most Chinese migrants reside in their host country on a temporary basis and tend to expatriate their earnings back to China, which raises doubts about the extent to which their presence exerts positive spill-overs into indigenous communities. Yet Chinese migrants generally utilise kinship and business networks established in China to identify and exploit economic opportunities in Africa. When they settle in their host countries, these networks are transported to African societies. This has important and long-term consequences for African entrepreneurs, who can subsequently exploit the Chinese networks, integrate with Chinese supply chains, and more generally take advantage of new economic opportunities presented to them by the influx of Chinese migrants in their countries. In this chapter, I show that the inward flow of entrepreneurial Chinese migrants and the proliferation of Chinese business networks and supply chains have facilitated local private sector exchanges in Madagascar.

Chinese migration to Madagascar has been conditioned by several factors. Whereas China once actively discouraged the emigration of its citizens, since the 1990s it has implemented a variety of regulatory changes to facilitate the movement of Chinese migrants abroad.⁴⁴² More specifically, the signing of a Sino-Malagasy immigration agreement in 1996 eased entry procedures for Chinese nationals wishing to live in Madagascar. Madagascar's relative proximity to China also means that travel and transport times and costs between the two countries are relatively low compared to, for example, West African countries. The inauguration of a flight between Antananarivo and Guangzhou (via Bangkok) in 2008 then offered a fast connection between Madagascar's capital and China's

⁴⁴² Altogether, China has formulated more than 11,000 laws and regulations dealing with its diaspora. See Barabantseva, “Trans-nationalising Chineseness”, 7-28, for a useful account of Chinese regulatory support for its overseas diaspora.

principal manufacturing hub and traditional emigrant regions in the southern coastal areas. Additionally, since successive waves of migration often build on earlier trajectories, the fact that Madagascar has a large community of resident Chinese made the island more attractive for new Chinese migrants. The existence of the old Sino-Malagasy community also differentiates Madagascar from other case studies of Chinese migrants in African countries, influences the acuties of the Malagasy towards the new Chinese, and more broadly enriches the analysis of the new Chinese in Madagascar, since perceptions of the Chinese in Africa depend on the unique history of each country with China.⁴⁴³

The earliest Chinese settlers came to Madagascar in the mid-1800s, after which the community grew through the importation of contract labourers, subsequent waves of private immigration, and natural demographic growth. Throughout the early- to mid-1900s, Chinese immigration rates and economic activities were conditioned by French colonial policies. France levied entry fees on new Chinese immigrants and imposed work permits and labour quotas on existing settlers. These policies limited contact between the Chinese diaspora in Madagascar and their relations and networks in China, which led to the strengthening of local Sino-Malagasy networks. The immigrants clustered around Toamasina and along the country's eastern coast, where they inserted themselves into the local economy as small-scale agricultural traders and shop owners. During colonisation, the Chinese settlers acted as intermediaries between Malagasy farmers and French industrialists. Since independence, the Sino-Malagasy community has diversified into more urban areas and other sectors of the economy, although it still retains a strong presence in the agricultural trade today. The contemporary old Chinese community in Madagascar is the second largest group of foreign minority residents in the country, and it is well integrated with the local population.⁴⁴⁴ However, although the Chinese diaspora in Madagascar has an extensive historical geography, significant and multiple knowledge gaps remain on the more recent wave of entrepreneurial and informal migrants, particularly on the "under the radar flows" and the expansion of new Chinese business networks in the country.⁴⁴⁵

The new Chinese migrants began arriving in Madagascar in the mid-1990s, and especially over the past decade. The majority of them settle temporarily in Antananarivo, and to a lesser extent in Toamasina, and generally trade

⁴⁴³ Esteban, "A Silent Invasion?", 232-251.

⁴⁴⁴ The largest foreign minorities in Madagascar are the French (33%), followed by the Chinese (19%) and the Indo-Pakistanis (16%). Razafindrakoto and Roubaud, *La Politique d'Immigration*, p. 1.

⁴⁴⁵ Mohan and Kale, *Invisible Hand*, p. 2.

manufactured goods imported from China. This has occurred to such an extent that the district of Behoririka in downtown Antananarivo has become known as the capital's Chinatown.⁴⁴⁶ All of the new Chinese migrants arrived in Madagascar after hearing about economic opportunities from friends, family members, or business contacts, and retain strong links to their homeland through kinship and business networks. Increasing numbers of Malagasy find employment in Chinese shops, and small-scale local entrepreneurs are beginning to purchase goods imported from China by the new Chinese in order to launch their own retail operations. As members of the new Chinese community become more successful and begin diversifying their activities in Madagascar, they also foster contact with the bigger Malagasy businesses, who can in turn benefit from new supply links introduced by the Chinese and procure machinery and technical equipment directly from China.

I proceed by providing a typology of Chinese migrants in Africa and discussing the expansion of Chinese business networks on the continent. Since the historical relevance of Chinese migration to Madagascar has helped spur the recent surge of new Chinese immigrants, I explore the evolution and economic roles of the old Chinese community in Madagascar. Next, I examine the growth of new Chinese entrepreneurial migrants and small-scale traders on the island. By discussing their levels of integration with the old Chinese community and Malagasy society, I show that while the new Chinese remain a relatively socially insulated group, their principal contact with Malagasy is through their business networks. I then provide evidence that this has enhanced economic opportunities for the Malagasy private sector.

Contextualising Chinese migrants and business networks

Three principal types of new Chinese migrants to Africa have been identified in the literature: labour migrants, small-scale entrepreneurs, and agricultural workers.⁴⁴⁷ Labour migrants generally work for Chinese SOEs or private Chinese companies involved in infrastructure and other construction projects across Africa.⁴⁴⁸ Labour migrants may evolve into entrepreneurial migrants, meaning that these two categories are sometimes interchangeable. Independent migrants arrive in Africa seeking their own economic opportunities.

⁴⁴⁶ For the purpose of this thesis, Chinatown is utilised as a loose label for the focal point of small-scale Chinese commercial enterprise in the capital.

⁴⁴⁷ Mung, "Chinese Migration", 91-109.

⁴⁴⁸ Park, *Chinese Migration in Africa*.

They generally launch their own import-export businesses, commonly in retail or in the wholesale trade of goods manufactured in China, especially textiles, clothing, shoes, household items, electronics, and manufactured trinkets.⁴⁴⁹ A small amount of Chinese migrants are also agricultural workers seeking to become landholders in Africa.⁴⁵⁰ The majority of these migrants are temporary migrants, which are defined as those migrants whose duration in their host country is limited by pre-determined work contracts, legal opportunities and host country restrictions, or by their own choice. Temporary migrants may include transit and circular migrants. The term “transit migrants” was originally coined in the 1990s to denote Africans migrating to North African countries temporarily in order to reach their ultimate destinations in Western Europe.⁴⁵¹ The expression is now being applied to describe Chinese migrants who use sub-Saharan countries as a temporary stop in their journeys to Europe or North America because of hardening immigration policies in these countries.⁴⁵² Circular migrants usually return to China. In general, Chinese migrant patterns are based on and create further transnational economic networks.⁴⁵³

Temporary Chinese entrepreneurial migrants use existing kinship or business networks developed in China when they expand into Africa. Business networks function as a vehicle for kinship or personal relationships to influence the success of economic negotiations and transactions. The medium responsible for this confluence is called *guanxi* in Chinese, which translates as *connections* or *the process of social interaction*.⁴⁵⁴ The notion of *guanxi*, and the ways in which it has influenced the success of Chinese capitalist networks, alludes to a cultural exceptionalism based on the vague notion of “Asian values”, in which personal ties play a large role in determining economic outcomes.⁴⁵⁵ These links exist in at least three separate forms: kinship ties that link together components of extended family enterprises, social ties formed through shared social histories, and professional ties based on connections formed throughout the course of repeated business transactions. These three categories span the range from informal to formal, and often overlap. The networks themselves are woven together with strands of information, shared contacts, sometimes finance, and a degree of trust.⁴⁵⁶ The ambiguous concepts of *guanxi* and Asian values can invoke a commonplace but misconceived assumption that the use of personal ties in

⁴⁴⁹ Mung, “Chinese Migration”, 91-109.

⁴⁵⁰ ACP Observatory on Migration, 2012.

⁴⁵¹ See Collyer and de Haas, “Developing Dynamic Categorisations”, 468-481.

⁴⁵² Park, *Chinese Migration in Africa*.

⁴⁵³ Vertovec, *Circular Migration*.

⁴⁵⁴ Ying, “Questioning Guanxi”, 543-561.

⁴⁵⁵ So and Walker, *Explaining Guanxi*, p. 2.

⁴⁵⁶ Brautigam, “Close Encounters”, 447-467.

business is based on historically rooted and culturally conditioned processes, and that it is therefore a uniquely Chinese phenomenon.

The informal and flexible nature of Chinese business networks implies that they are easily transferable to new social contexts and organisational structures, and that they function well in the type of informal economies found in many developing countries.⁴⁵⁷ Since economic transactions within Chinese networks are based on relationships, they can be concluded without resorting to law or other formal rules. Where domestic regulatory or enforcement mechanisms are weak, Chinese networks help deter opportunistic behaviour such as contract violation through the enforcement of community sanctions.⁴⁵⁸ The role of Chinese entrepreneurship and business networks in industrialisation processes has therefore been credited with significantly contributing to the growth of local entrepreneurship and global economic integration in East Asia throughout the 1980s and 1990s. “The local, regional, and global connections...of the Chinese diaspora, and their talent to spin local, regional, and global business webs, preferably based on long-term, non-contractual trust relationships with kinsmen are almost legendary”.⁴⁵⁹ Yet, as observed by Meagher, “too few questions are asked about what happens when Asian business networks are extended into new regions, with different states, different institutional histories, and different social and economic realities”.⁴⁶⁰

Since networks are by definition informal, they are assuming complex forms of interactions with local entrepreneurs in Africa. Chinese migrants are not a homogeneous group of actors, and the manners in which migrant communities use their networks in African countries vary. African societies can connect to the global economy through “human capital that will have to come mainly from the developing world, particularly from China”, but this connection must be constructive in order to be developmental.⁴⁶¹ On the one hand, Chinese traders can use their networks to exploit increasingly fluid comparative advantages in their particular host countries without many positive spill-overs to indigenous entrepreneurs.⁴⁶² In general, the Chinese entrepreneurs who use business networks can depend on financial, technical, and informational support from their wide-ranging connections within these linkages. Improved access to informational and financial networks provides a faster approach to credit, information, and

⁴⁵⁷ So and Walker, *Explaining Guanxi*.

⁴⁵⁸ Song, “Chinese Private Direct Investment”, 109-126.

⁴⁵⁹ Menkhoof and Gerke, *Chinese Entrepreneurship*, p. 13.

⁴⁶⁰ Meagher, “Weber Meets Godzilla”, 261-278, p. 265.

⁴⁶¹ Teunissen, “Clichés, Realities, and Policy Challenges”, 1-17, p. 5.

⁴⁶² Gadzala, “Chinese Entrepreneurs”, 5-7.

technology for the Chinese members of the networks, which is not the case for their African counterparts. On the other hand, contact with Chinese networks could help to invigorate African entrepreneurship through the inflow of models, ideas, and resources from outside the region.⁴⁶³ Chinese business networks “facilitate the exchange of inputs critical to global capitalism, including finance, technical knowledge, and marketing information” for African businesses.⁴⁶⁴ Via formal and informal contact, they accelerate information sharing in their host economy. In the case of trade, information sharing helps match buyers and sellers, and in terms of investments, it helps identify new and potential opportunities.⁴⁶⁵

The Chinese community in Mauritius provides a useful example of how Chinese business networks facilitated the creation of a development-oriented regime, but the case of Mauritius differs from that of Madagascar in important respects. In the late-1970s, the old Chinese community in Mauritius played a vital role in the establishment of the EPZ on the island by harnessing their business links with Asian entrepreneurs. The idea for the EPZ originated with a local Sino-Mauritian university professor who was familiar with the experience of Taiwan and who believed that the East Asian industrialisers possessed a surplus of capital that could be invested in Mauritius.⁴⁶⁶ Influential members of the Sino-Mauritian community subsequently convinced the Mauritian government to establish an EPZ by travelling to China and inviting co-ethnics from Taiwan, Hong Kong, and Malaysia to invest in the scheme. These investments lead to dynamic, export-oriented manufacturing growth in the EPZ, and simultaneously exposed Mauritians (both Chinese and non-Chinese) to the intricacies of global production and export processes. Eventually, local entrepreneurs used the knowledge acquired from joint ventures established with foreign investors to launch their own enterprises. In contrast to Madagascar, the old Chinese in Mauritius had helped settle the island, which was uninhabited until the 1600s. Early on, they contributed to the growth of local industry by creating tobacco processing and alcohol distillation factories, and they maintained close connections to their homeland.⁴⁶⁷ When the new Chinese migrants began investing in Mauritius, it was often through existing kinship ties with the old Chinese community.⁴⁶⁸ In Madagascar, the early Chinese settlers arrived in a country that was already populated by the Malagasy, and politically and economically under Merina and then French control.

⁴⁶³ Meagher, “Weber Meets Godzilla”, 261-278.

⁴⁶⁴ Brautigam, “Close Encounters”, 447-467, p. 447.

⁴⁶⁵ Song, “Chinese Private Direct Investment”, 109-126.

⁴⁶⁶ Meisenhelder, “Developmental State in Mauritius”, 279-297.

⁴⁶⁷ Brautigam, “Flying Geese or Hidden Dragon”, 51-69.

⁴⁶⁸ Brautigam, “Close Encounters”, 447-467.

Early Chinese migration to Madagascar

It is generally thought that Chinese navigators had first sighted but not visited Madagascar during one of Chinese explorer Admiral Zheng He's expeditions along the coasts of East Africa as early as the 1400s. The display of Chinese pottery from this era at the archaeology museum of Antananarivo suggests that there might have existed Sino-Malagasy contact and perhaps trade during this time. However, Zheng He's pioneering explorations around the world did not result in any Chinese settlement. It would be another 400 years before the first waves of Chinese immigrants and labourers ventured to Madagascar, and another 500 years until the Chinese state and its people would actively pursue global aspirations and migrate to Africa in more substantial numbers. According to the earliest available records, independent Chinese migrants began arriving in Madagascar in the mid-1800s.⁴⁶⁹ An English missionary observed the first Chinese-run shop in Toamasina in 1862, and Bardonnnet noted that there were 40 Chinese living in Toamasina in 1893.⁴⁷⁰ By 1904, 452 Chinese were believed to be residing in Madagascar as private entrepreneurs.⁴⁷¹

The growth of Chinese immigrants during this time is due to the defection of Chinese migrants from the neighbouring Mascarene Islands such as Reunion and Mauritius. Mauritius has been cited as the original starting point of the Chinese diaspora in the Indian Ocean.⁴⁷² British colonial authorities had originally transported 40 Chinese contract labourers to Mauritius in 1828, and subsequent British and French colonial governments continued importing workers from China until the late-19th century.⁴⁷³ Many of the Chinese who had worked in Mauritius as contract labourers fled to Madagascar voluntarily after a drop in global sugar prices in the mid-1800s had resulted in an economic recession in Mauritius.⁴⁷⁴ In addition, after 1890 a wave of new Hakka Chinese immigration to Reunion and Mauritius prompted the movement of the first wave of Cantonese Chinese to points farther west, such as Madagascar.⁴⁷⁵ Consequentially, the majority of the old Chinese community in Mauritius today is Hakka Chinese,

⁴⁶⁹ Madagascar's Indian-Pakistani diaspora also began arriving during this time, but they settled along the country's western coast.

⁴⁷⁰ Ellis, *Madagascar Revisited*, and Bardonnnet, "Les Minorités Asiatiques", 127-224.

⁴⁷¹ Slawecki, "L'Origine et la Croissance de la Communauté Chinoise", 484-494.

⁴⁷² Pineo, *Chinese Diaspora*.

⁴⁷³ Slawecki, "L'Origine et la Croissance de la Communauté Chinoise", 484-494.

⁴⁷⁴ Pineo, *Chinese Diaspora*.

⁴⁷⁵ Pan, *Sons of the Yellow Empire*.

whereas the majority of the resident Chinese in Madagascar are Cantonese. Rivalries between groups of Hakka and Cantonese remain a common feature among overseas Chinese communities.⁴⁷⁶

In 1896, France had also begun to import Chinese contract labourers to Madagascar after discovering that the Merina's federal system of socio-political organisation and animosity towards Madagascar's other ethnic groups had resulted in the relative isolation of the capital from other main towns. Out of strategic calculation, the Merina had chosen not to build roads or significant transport routes in the country. France's first governor general in Madagascar, Joseph Gallieni, identified the construction of vital infrastructures as a prerequisite of French economic success in Madagascar.⁴⁷⁷ However, the Malagasy population was hostile to any system of centralised rule and small in size and density, which meant that Gallieni's ambitions to improve the country's infrastructures were initially thwarted by a shortage of local labour.⁴⁷⁸ The movement of Chinese contract labourers to Madagascar coincided with the abolition of slavery by the European powers, economic expansion and labour shortages in Asia, and an official authorisation by the Chinese emperor in 1860 (following defeat in the Second Opium War) to legitimise the previously clandestine activity of hiring Chinese contract labour for large European colonial construction projects.

Six contingents of Chinese contract labourers arrived in Madagascar between 1896 and 1901.⁴⁷⁹ The original four convoys were hired to assemble a railway connecting Toamasina to Antananarivo, which is still in operation today and remains one of the country's two functioning train tracks. The first group of 499 Chinese workers docked in Toamasina in August 1896, followed by the disembarkation of 614 workers a few days later. Two further contingents totalling 3,003 Chinese labourers arrived in Madagascar in 1897.⁴⁸⁰ The French authorities employed another 500 Chinese to erect military installations in the city of Diego-Suarez at the northern tip of the island in 1900. The sixth and final unit of around 1,000 labourers arrived in Toamasina in 1901 to construct another railroad connecting the towns south of Toamasina along the eastern coast, and to work on

⁴⁷⁶ See Pan, *Sons of the Yellow Empire*.

⁴⁷⁷ Joseph Gallieni (1849-1916) had a long career in the French colonial services and served in several French overseas territories. Known for his unorthodox and often brutal methods of organisation and control, he served as governor general of Madagascar from 1896 until 1905. See Slawecki, *French Policy Towards the Chinese*.

⁴⁷⁸ Slawecki, "L'Origine et la Croissance de la Communauté Chinoise", 484-494.

⁴⁷⁹ Bardonnnet, "Les Minorités Asiatiques", 127-224.

⁴⁸⁰ Slawecki, "L'Origine et la Croissance de la Communauté Chinoise", 484-494.

French plantations.⁴⁸¹

Although there was a noticeable spike in Chinese immigration to Madagascar following the Japanese invasion of Manchuria in 1937, French-imposed restrictions on Chinese immigrants resulted in a slowdown of arrivals throughout the first half of the 20th century. Shortly after colonisation, France began implementing administrative controls over the Chinese population through the use of immigration fees, residency authorisations, and administrative grouping requirements. In 1903, every Chinese wishing to reside in Madagascar was required to pay security fees and register with the authorities. Soon after, each Chinese resident had to apply for a written authorisation of residency on a yearly basis. After 1939, Chinese immigration was severely limited by the doubling of immigration fees and the imposition of new regulations, which required all immigrants to obtain a written authorisation from the French governor general and to present a “certificate of morality” before disembarking in Madagascar.⁴⁸²

The subsequent enlargement of the Chinese community occurred through simple demographic growth, with many Chinese men marrying Malagasy women or sending for wives from China. Intermarriages were common and at least 60% of the Chinese in Madagascar today are of mixed Sino-Malagasy heritage.⁴⁸³ This evened out the previously skewed male to female ratio within the Chinese community, and paved the way for the development of the community without significant new immigration. Most of the Chinese immigrants remained on the eastern coast, as well as in Antananarivo and Fianarantsoa. Often, an extended Chinese family or clan would cover an entire region. The Chinese who settled in the rural areas along the eastern coast can be grouped into roughly two types of descendants. In Toamasina, these are categorised into those belonging to the “Son of Sam” (Sung Sam) clan and the “Son of Chan” (Sung Chan) clan. Chinese family names in Madagascar also vary according to the geographical location of the clans, so that the name “Sam” is frequently found in the central highlands and “Lock” along the southeastern coast.⁴⁸⁴ Map 2 shows the main areas of Chinese settlement in the 1900s.⁴⁸⁵

⁴⁸¹ Donque, “Les Minorités Chinoises et Indienne”, 85-103.

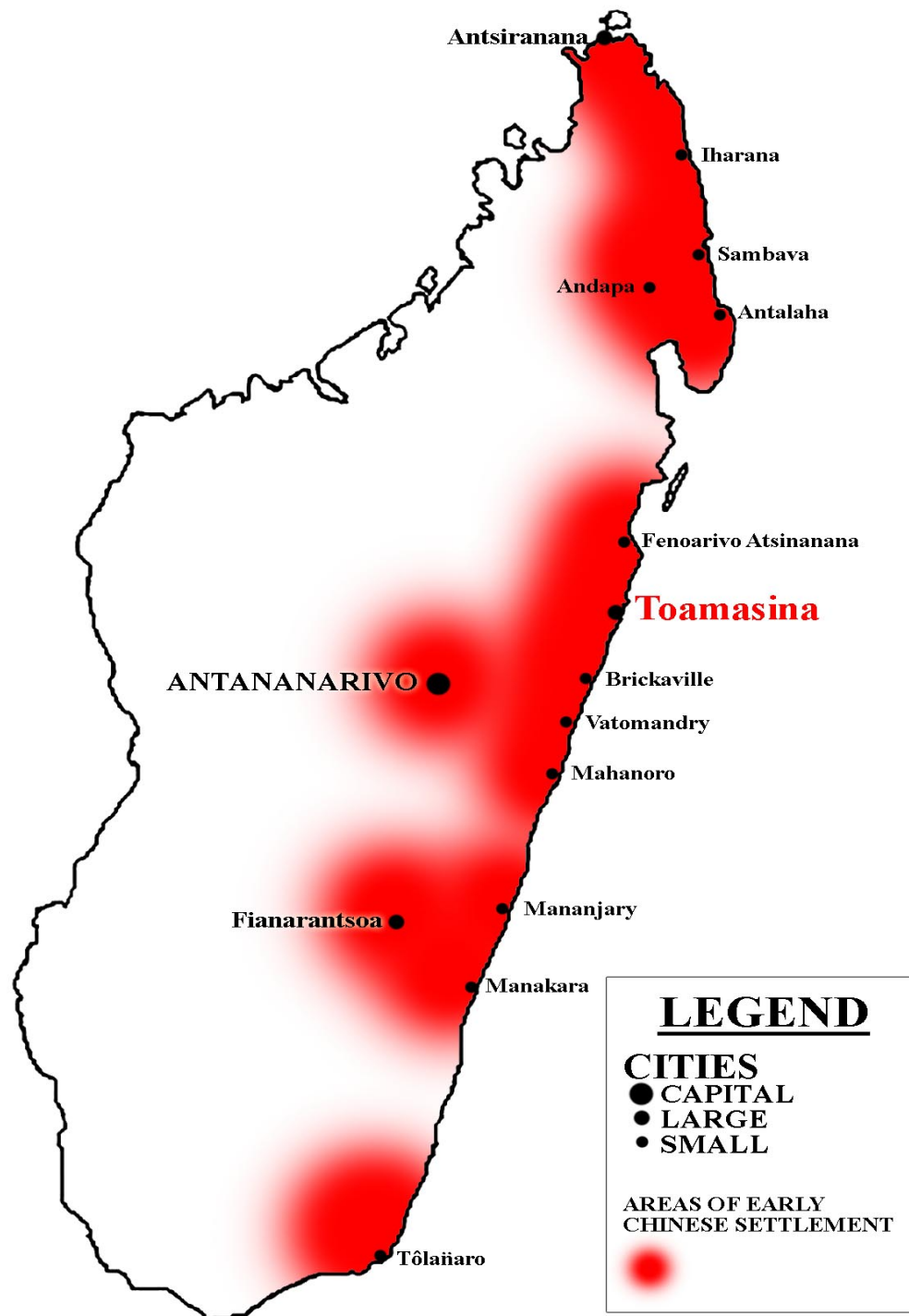
⁴⁸² Slaweck, *French Policy Towards the Chinese*.

⁴⁸³ Mohan and Tan-Mullins, “Chinese Migrants”, 588-605, p. 598.

⁴⁸⁴ Andrianavoson, “La Communauté Chinoise”.

⁴⁸⁵ Andriamanana, 1987.

Map 2: Areas of early Chinese settlement in Madagascar.



The origins of the old Chinese community in Madagascar are a contested subject. Some members of the community today can trace their ancestry back to one of the roughly 5,500 contract labourers that had arrived at the turn of the 1900s. The theory is that several hundred of them, discouraged by the hard work under the hot Malagasy sun, had deserted their posts to engage in private business in the eastern countryside. Bardonnet argues that the first semblance of a significant Chinese community in Madagascar resulted from the disappearance of around 500 contract labourers from their posts and their subsequent engagement with small local commerce.⁴⁸⁶ According to Le Bourdieu, spontaneous, private immigration to the country did not occur in significant numbers until the 1930s.⁴⁸⁷ Others argue that Madagascar's old Chinese community developed through independent waves of private migration. Slawecki maintains that the French authorities enforced a policy of locating deserters and returning them to China and that many labourers returned home by their own volition after their contracts ended. Furthermore, he shows that the contract labourers and the old Chinese community in Madagascar hailed from different regions in China. Most private Chinese immigrants in Madagascar came first from the provinces of Fujian and Guangdong, while the contract labourers were imported from the province of Guangxi, 700 km to the west of Guangzhou.⁴⁸⁸ According to Gallieni, "although a small number of skilful, intelligent, and hard-working artisans among the labourers were encouraged to stay after having completed their period of industrial residence, none of them accepted to remain in Madagascar. They were afraid of the high mortality rate among their countrymen, and all left the country at the end of their contract".⁴⁸⁹ Members of the contemporary Sino-Malagasy community prefer to be viewed as having descended from the private settlers, which the majority of them probably did. To substantiate their claim, many were able to provide an approximate date chronicling the arrival of their ancestors.⁴⁹⁰

The old Chinese community in Madagascar

French colonial policies also severely limited the economic activities of Chinese settlers throughout the 19th century and restricted them to certain sectors of the economy. The economic relationship between the Chinese and French

⁴⁸⁶ Bardonnet, "Les Minorités Asiatiques", 127-224.

⁴⁸⁷ Le Bourdieu, "L'Implantation des Minorités Etrangères", 37-68.

⁴⁸⁸ Slawecki, "L'Origine et la Croissance de la Communauté Chinoise", 484-494.

⁴⁸⁹ Gallieni, 1905: 514-516.

⁴⁹⁰ Interviews and discussions with members of the old Chinese community in Madagascar between September 2010 and July 2012.

communities in Madagascar during colonialism was formed by geographical proximity, since both groups had concentrated their economic activities around Toamasina. French policies towards the Chinese immigrants were conditioned by anxiety about competition with French business interests. France imposed commercial fees and business licenses on Chinese enterprises, and Chinese businesses were forced to pay higher commercial licensing fees than French firms. More profitable Chinese firms had to pay higher licensing fees than less successful enterprises. The Chinese were not allowed to establish manufacturing or export businesses. In 1913, quotas for Chinese trade licenses were reduced, and after 1932 the colonial administration began denying Chinese entrepreneurs business licenses where they competed with French companies.⁴⁹¹

As a result of these policies, the Chinese came to serve as intermediaries between Malagasy peasants and French industrialists. A Chinese family would settle deep in the Malagasy countryside and set up a post to trade a variety of items imported from Mauritius or bought in a bigger town (cloth, soap, salt, plastic sandals, tools, and artisanal products) in exchange for produce collected by the Malagasy peasants. Chinese family-run businesses typically bought agricultural products such as coffee, cloves, litchis, vanilla, and other commodities found in eastern Madagascar from the peasants and farmers to sell to French or European exporters. In addition to fulfilling the function of retailer, the Chinese merchant sometimes became the local banker by providing credit lines to Malagasy peasants. This practice became institutionalised, and some have argued exploitative, to such a degree that the Chinese community effectively exercised control over the local harvest and managed the rural economy along the country's eastern coast.⁴⁹²

As this system became more entrenched, the relationship between the Chinese settlers and French colonialists eventually became structured by reciprocal necessity. By limiting their economic activities and paying them low wages, the French industrialists who controlled the large export companies could exploit the Chinese, who were willing to access remote areas that French traders were more reluctant to reach. French and European wholesalers even helped Chinese business expand into the interior of the island by directly hiring Chinese merchants to retrieve products from the rural areas and transport them to French export companies based in Toamasina. A French trader from Toamasina recruited 800 new Chinese labourers to work in small groups on agricultural posts and

⁴⁹¹ Slawecki, *French Policy Towards the Chinese*.

⁴⁹² See Donque, "Les Minorités Chinoises et Indienne", 85-103.

public work sites in the mountains and dense rainforests around Toamasina.⁴⁹³ Chinese agricultural traders thus facilitated the growth of French economic power on the island, which helped them consolidate their political control over the Merinas. In this manner, the Chinese immigrants made themselves indispensable to both local Malagasy and the French sovereigns: “the Asian immigrant trader, equipped with the technical knowledge of the peasant economy, devised ways and means to satisfy the needs of both the Malagasy producer and the European exporter”.⁴⁹⁴

After independence, Chinese traders began to diversify their economic activities and began moving towards the urban areas. The new Malagasy Republic under Tsiranana had sustained many of the French policies towards the Chinese. Chinese immigrants were still required to request an authorisation to enter the country and continued to be restricted to certain economic sectors and professions. Even so, the official departure of the French allowed the Chinese to gradually expand their economic activities into other industries. To curb the Chinese practice of extending credit lines to Malagasy peasants, which often made them indebted to the Chinese shopkeeper for life, the Malagasy government instituted a system of cooperatives to purchase agricultural products from the farmers directly, which eliminated the need for the Chinese collectors. Many Chinese became plantation or farm-owners themselves, and others ventured into manufacturing. A saturated employment market in the rural areas, and the generally high birth rates in Chinese families, also meant that young men who could not be employed in their father’s shop began migrating towards the capital. In the 1940s, 60% of the Chinese community still resided in rural areas in the province of Toamasina. By the 1960s, there was a discernible shift in domestic migration to Antananarivo and more urban areas. In 1965, the resident Chinese community in Antananarivo outgrew that of Toamasina, with 1,251 Chinese living in the capital, compared to 1,027 in the port town.⁴⁹⁵ In the 1950s, there was one Chinese school in Antananarivo and two in Toamasina. Now there is only one Chinese school left in Toamasina, which reflects the demographic shift towards the capital.⁴⁹⁶

Mr. Parfait Ramilamanana’s experience exemplifies the general trajectory of a Sino-Malagasy whose ancestors arrived in Madagascar in the early-1900s. Mr. Ramilamanana (known locally as Mr. Sinoui) is a fourth-generation Sino-

⁴⁹³ Pineo, *Chinese Diaspora*.

⁴⁹⁴ Pineo, *Chinese Diaspora*, p. 187.

⁴⁹⁵ Slaweki, “L’Origine et la Croissance de la Communauté Chinoise”, 484-494.

⁴⁹⁶ Interview with Mr. George, owner of the popular Sino-Malagasy restaurant “La Muraille de China” on October 5th, 2010.

Malagasy whose father had arrived in Madagascar from Mauritius in the 1930s. Mr. Sinoui was born in Toalanaro where he grew up helping his father fish seafood. Mr. Sinoui eventually moved to live with extended family in Toamasina and found work in transportation logistics, where he organised the movement of produce from the rural areas to the urban centres. In this capacity, he formed part of the Chinese supply chain throughout the eastern part of the country. He eventually moved to Antananarivo and used his networks to the Chinese sugarcane collectors to launch a small-scale rum distillery. Over the years, he has diversified the activities of his company to include 4-wheel drive rentals for travel groups from China and the bottling of rum for local companies.⁴⁹⁷

The Sino-Malagasy Community Today

The contemporary resident Chinese community in Madagascar is close-knit. A principal reason for this was the French colonial system of organising Chinese settler communities into congregations. The control of the Chinese community through congregations was a French method of indirect colonial rule. To facilitate the enforcement of fees, residency permits, and business licenses, the Chinese were obligated to organise themselves into congregations according to their geographical locations, which structured their kinship ties inwards to their own communities. Once more than ten Chinese lived in the same area, they were required to form a congregation and name a chief who would be responsible for the actions of all of the congregation's members. The chief ensured that each member paid the correct amount of taxes, fees, or fines to the colonial authorities, and thus acted as an intermediary between the French administration and their particular Chinese community.⁴⁹⁸ This system had the dual effect of strengthening domestic Sino-Malagasy networks and preventing the Chinese settlers from maintaining strong business or kinship links with China. There are 16 Chinese congregations in Madagascar today. There are large congregations in both Toamasina and Antananarivo, and smaller ones in the towns along the eastern coast. The congregations act as the symbolic ideal of the ancestral homeland, and serve as the focal point for meetings, business discussions, dances, language training, and the celebration of Chinese festivities.⁴⁹⁹

⁴⁹⁷ Interview with Mr. Sinoui on October 26th, 2010.

⁴⁹⁸ Slaweck, *French Policy Towards the Chinese*.

⁴⁹⁹ Interview with Andrianaivoson, author of "La Communauté Chinoise", on October 7th, 2010.

The congregations solidified the sense of community among the Chinese immigrants in Madagascar in two important ways. The Chinese used the laws governing the congregations to form inner-Chinese mutual aid groups, which essentially constituted the equivalent of a Chinese chamber of commerce. Paradoxically, the French rationale behind the imposition of the congregations had been to prevent the Chinese from organising themselves along their own political lines and thus from posing potential threats to French establishments and interests in Madagascar.⁵⁰⁰ Officially, the creation of economic or political activist groups by the Chinese was illegal, but since they could be formed under the cover of the congregations, the mutual aid groups were fully in accordance with local laws at the time. Additionally, the system of congregations facilitated the dominance of Cantonese Chinese in Madagascar, rendering the old community very ethnically homogenous. Since the leader of a congregation was given discriminatory power to accept or refuse members into the congregation, the use of congregations as a form of social organisation facilitated the dominance of the Cantonese Chinese in Madagascar. Chinese of Hakka heritage were generally refused membership to the congregations. Forced to operate outside of the official medium of organisation, they were frequently economically disadvantaged.⁵⁰¹

Although they are close-knit, members of the Sino-Malagasy community are well integrated with Malagasy society, which is partly because they conceive of themselves as Malagasy first and Chinese second.⁵⁰² Mr. Chen Guo Zhen (known locally as Mr. George), who is the vice president of both the Chinese Congregation in Antananarivo and the Association of Madagascar-China Friendship (created in 1984), for instance, is well known in the capital as the owner of a popular Chinese restaurant on Independence Avenue, the main street in downtown Antananarivo. His parents arrived in Madagascar in 1910 to escape insecurity in China, and he was born and raised on the island. He speaks fluent French, Malagasy, and Cantonese (he does not speak Mandarin Chinese, which renders interaction with the new Chinese community difficult). He has several children with his Sino-Malagasy wife, and all of them have Malagasy citizenship and speak Malagasy. At home, however, the family speaks Cantonese, eats Chinese cuisine, and celebrates both Chinese and Malagasy holidays.⁵⁰³ Mr. Sinoui also decided to change his name from his original Chinese-sounding one to

⁵⁰⁰ Slawewski, *French Policy Towards the Chinese*.

⁵⁰¹ Interview with the president of the Chinese Women's Association on October 29th, 2010.

⁵⁰² Raveloarimanana, "Les Métis Sino-Malgaches", 159-176.

⁵⁰³ Interview with Mr. George, owner of the popular Sino-Malagasy restaurant "La Muraille de China" on October 5th, 2010.

a Malagasy one in order to become better integrated with Malagasy society when he started his business in Antananarivo.⁵⁰⁴

The Chinese settlers easily integrated with Malagasy society because they adopted many of the local customs and religious inclinations of their host communities. Historically, the fact that many Chinese decided to settle in the countryside where no other *vazaha* (foreigner) had gone before made them favourable in the eyes of the rural Malagasy among whom they lived. The Chinese began dressing in Western clothes as soon as they arrived, and consumed their Chinese meals with a fork and knife instead of utilising chopsticks.⁵⁰⁵ Since the Chinese migrants were not particularly religious (as opposed to the Indian and Pakistani communities), they were able to connect with the Malagasy on a religious level by converting to Catholicism. Approximately 60% of resident Chinese in Madagascar today are catholic.⁵⁰⁶ Mr. Sinoui for example, converted from Confucianism to Catholicism while living in Toamasina as a young adult. The old Chinese also make a concerted effort to be productive members of society. Mr. Sinoui and his wife are very active in their local Malagasy community through the church. They regularly attend mass and also organise social events through their local congregation.⁵⁰⁷ In Toamasina, the Chinese congregation distributes basic needs, such as rice, oil, candles, and soap to the poorest families in the city in an effort to demonstrate Chinese solidarity with the Malagasy.⁵⁰⁸

The extent of integration among the old Chinese community and Malagasy society is evident in daily life. In Toamasina and the surrounding rural areas, the term *sinoa* (Chinese) is synonymous with the local trader or the owner of the local general merchandise shop, and Malagasy cuisine is infused with Chinese-inspired dishes. Almost all food vendors or *hotelys* (local Malagasy restaurants) offer *mi-sao* (Chinese-style noodles), *soup sinoa* (Chinese-style soup), or *riz cantonais* (Cantonese rice) on their menus. As a result, the old Chinese are, in general, the group of foreigners least unpopular with the indigenous population in Madagascar.⁵⁰⁹ The arrival of new Chinese migrants is further entrenching the unique identities of the old Sino-Malagasy community and the sense that they are different from the new immigrants. This is exemplified by the clear distinction

⁵⁰⁴ Interview with Mr. Sinoui on October 26th, 2010.

⁵⁰⁵ Tsien, 1961.

⁵⁰⁶ Andrianavoson, "La Communauté Chinoise".

⁵⁰⁷ Interview with Mr. Sinoui on October 26th, 2010.

⁵⁰⁸ Interview with Mr. George on October 5th, 2010.

⁵⁰⁹ Thompson and Adloff, *The Malagasy Republic*.

between “*les anciens*” and “*les nouveaux Chinois*” and by Mr Sinoui’s characterisation of the new migrants as the “Chinese from China”.⁵¹⁰

New Chinese migration since the mid-1990s

The rate of new Chinese migration to Madagascar is relatively high compared to that of other African states. Based on informed conjecture, the number of Chinese nationals currently residing in Madagascar is estimated to be between 70,000 and 100,000.⁵¹¹ Most researchers place the total number of ethnic Chinese in Africa around 500,000.⁵¹² Exact figures on the growth of the new Chinese community in Madagascar are difficult to obtain for several reasons. Many new Chinese businesses, especially small-scale private enterprises, operate within Madagascar’s informal economy, and Chinese entrepreneurs often invest in Madagascar through Malagasy subsidiaries or private Malagasy companies, especially in the mining sector.⁵¹³ The new Chinese community in Madagascar is also very fluid. Since the majority of Chinese entrepreneurs and traders reside in Madagascar on a temporary basis, the number of Chinese nationals in the country is in constant flux. Some may work in Madagascar, but still officially live in China, and regularly travel back and forth between the two countries on short-term visas.

Additionally, there is a dearth of reliable demographic statistics by both the Chinese and Malagasy governments. The Chinese embassy in Antananarivo encourages all Chinese nationals living in Madagascar to register with it, but not very many do so.⁵¹⁴ The Malagasy government also requires Chinese nationals in Madagascar to chronicle their whereabouts through immigration and identification documents such as visas, residency and work permits, and temporary Malagasy national identity cards, but this request is frequently not honoured. In theory, all private Chinese migrants in Madagascar must obtain a

⁵¹⁰ Interview with Mr. Sinoui on October 26th, 2010.

⁵¹¹ Representatives from the Chinese embassy in Antananarivo believe the number is closer to between 30,000 and 60,000 and members of the old Chinese community suggested that the figure is over 100,000. Basing recent figures for Chinese migration on informed conjecture is not unique to Madagascar, since the majority of available data on Chinese migration to African countries is currently speculative. See Mohan and Tan-Mullins, “Chinese Migrants”, 588-605, and Sautman and Yan, “Friends and Interests”, 75-114.

⁵¹² See Mung, “Chinese Migration”, 91-109, and Mohan and Kale, *Invisible Hand*.

⁵¹³ Interview with an employee at the Malagasy Ministry of Mines on October 22nd, 2010.

⁵¹⁴ Interview with the deputy chief of mission at the Chinese embassy on March 22nd, 2011.

long-term visa from the Ministry of the Interior.⁵¹⁵ Chinese migrants however sometimes share Malagasy identity and visa documents, and identity cards belonging to deceased Malagasy citizens of Chinese descent are often sold to the new Chinese on the informal market.⁵¹⁶

It is however clear that the new Chinese immigrant community in Madagascar is growing rather rapidly, and available information and personal research provides a broad picture of immigration rates to the island. Table 13 illustrates the growth of the new Chinese population in Madagascar, meaning the growth of Chinese nationals who hold Chinese passports residing in Madagascar, since 1896, the year of the first census taken by the French colonial authorities. This database does not take into account members of the old Chinese community who possess only Malagasy passports.

Table 13: The growth of Chinese nationals residing in Madagascar.

Year	Number of Chinese nationals living in Madagascar
1896	50
1904	452
1909	512
1921	935
1931	1,805
1939	3,372
1941	3,637
1951	4,900
1958	8,039
1961	8,900
1967	9,203
1972	10,000

⁵¹⁵ Interviews with the directors of the Asia Pacific section and Diplomatic Visa Services at the Malagasy Ministry of Foreign Affairs, October 15, 2010 and October 20, 2010, respectively.

⁵¹⁶ Interview with the president of the Chinese Women's Association in Antananarivo, October 29, 2010.

1996	16,000
2001	20,000
2005	20,000 - 50,000
2007	40,000 - 60,000
2009	60,000
2011	70,000 - 100,000

Sources: Author's estimates derived from Fournet-Guérin, "La Nouvelle Immigration Chinoise", 45-57 and *Vivre à Tananarive*, Veeck and Diop, "Chinese Engagement in Africa", 400-418, Pellerin, *Le Nouvel Essor*, and interviews with the Chinese deputy chief of mission at the Chinese embassy, April 22, 2011, the economic and commercial counsellor at the Chinese embassy, August 17, 2011, the vice-president of the Chinese congregation in Antananarivo, October 5, 2010, and the president of the Chinese Women's Association, October 29, 2010.

The growth patterns of official employment and business registration records also indicate that the new Chinese community in Madagascar has been developing relatively fast compared to other foreign resident groups in the country. The Malagasy government classifies the new Chinese (and all foreign residents) according to salaried, non-salaried, and inactive actors (which comprise the dependents of salaries and non-salaried actors). The majority of Chinese migrants in Madagascar are salaried professionals, followed by non-salaried and inactive actors. In 1999, the Chinese accounted for 25% of foreign salaried nationals in Madagascar. To put this in perspective, the French and Indo-Pakistani communities respectively accounted for 40% and 6,8% the same year.⁵¹⁷ Between January 1st and December 6th, 2010, Chinese nationals lodged 181 applications for a Malagasy National Identity Card for Non-salaried Foreign Professionals (CIPENS), which all foreign salaried immigrants working in Madagascar must obtain. This exceeded the number of applications lodged by French nationals, who filed 101 requests, followed by 31 applications from Indian nationals, and 21 by residents of other African countries (which were all grouped into one category).⁵¹⁸ All Chinese businesses in Madagascar are also required to register with INSTAT when they launch their enterprises in Madagascar.⁵¹⁹ As evidenced by table 14, the number of Chinese businesses catalogued by INSTAT has also grown significantly, especially over the past decade. Between January 1st, 2010

⁵¹⁷ Razafindrakoto and Roubaud, *La Politique d'Immigration*, p. 8.

⁵¹⁸ Government of Madagascar. Registry of the National Office of the Anamalanga Region, 2010.

⁵¹⁹ Interview with the general director of INSTAT, October 8, 2010.

and July 20th, 2010, 215 new Chinese-owned businesses were registered. According to INSTAT the total number of all Chinese-owned businesses registered in Madagascar as of July 20th, 2010 is 1,428.⁵²⁰

Table 14: Chinese businesses registered in Madagascar, 1990 – 2010.

Year	Number of new Chinese businesses registered in Madagascar
1990	6
1991	5
1992	5
1993	11
1994	7
1995	10
1996	12
1997	14
1998	11
1999	16
2000	15
2001	36
2002	26
2003	54
2004	79
2005	96
2006	123

⁵²⁰ Madagascar (INSTAT), *Liste des Entreprises Chinois Enregistrées à Madagascar*. In “Ils Ont Choisi l’Afrique”, *Jeune Afrique*, November 26, 2006, Airault noted that there were around 2000 small-scale Chinese-owned businesses operating in Madagascar in 2006. Due to the factors described above, both INSTAT and Airault’s figures are probably conservative estimates.

2007	142
2008	236
2009	178
- July 2010	215

Source: Madagascar (INSTAT), *Liste des Entreprises Chinois Enregistrées à Madagascar*.

From old to new: Chinese migrants in Behoririka

The concentration of the new Chinese traders in Behoririka demonstrates how the existence of the resident Chinese community in Madagascar has facilitated the ease with which the new Chinese have been able to enter the Malagasy market. Close to 90% of the new Chinese businesses registered in Madagascar are concentrated in specific commercial districts in Antananarivo, where the urban setting of the new community facilitates interactions with retail customers.⁵²¹ Although the new Chinese are increasingly moving into other centrally located districts such as Ampefiloha, Antanimena, and Mahamasina, Behoririka, and to a lesser extent Ivato, remain the commercial hubs of the new Chinese traders in Antananarivo. The first new Chinese entrepreneur opened a shop in Behoririka in the mid-1990s. Between 1998 and 2005, the number of Chinese-owned shops in Behoririka increased from 40 to over 500.⁵²² When the new Chinese migrants began arriving in Madagascar, they usually launched their enterprises in Behoririka because it was the social hub of the old Chinese community.

Behoririka has historically been known as a district with a large number of Sino-Malagasy residents. The traditional centre of Chinese social organisation in the city, the Chinese congregation of Antananarivo, has been headquartered in the area since the 1920s. Before the influx of the new Chinese, the landscape in Behoririka was dominated by the presence of slums and low-lying buildings around the banks of an artificial lake dating from the colonial era. The area was known more as a district with a heavy Chinese population than for its economic vibrancy. Behoririka, “once a working class district, characterised by the presence of slums on the lakeshore, which contributed to the area’s bad reputation (liquor

⁵²¹ Madagascar (INSTAT), *Liste des Entreprises Chinois Enregistrées à Madagascar*.

⁵²² “Quartier de Behoririka: Spectaculaire Transformations Paysagère”, *La Gazette de la Grande Île*, July 21, 2011.

outlets, shady dealings, families living on the streets) has been given a completely new look through the presence of Chinese commercial activity”.⁵²³ In 1996, the Malagasy municipality tore down the slum structures and instigated a period of rehabilitation, during which several of the new Chinese shopping complexes were constructed. Map 3 shows the geographical distribution of Chinese traders in Antananarivo. The labels in red identify Behoririka and Ivato, and those marked in yellow denote the other districts that are increasingly witnessing a smaller influx of Chinese traders.

Map 3: The geographical distribution of Chinese traders in Antananarivo.



Behoririka is relatively small in terms of area, but it is one of the city's most economically active boroughs. Chinese-built shopping complexes, some of

⁵²³ Fournet-Guerin, “La Nouvelle Immigration Chinoise”, 45-57, p. 46.

them four or five stories high, line its main thoroughfare, which is always bustling with vendors and consumers. Each complex harbours hundreds of little shops averaging 4 m², and one of them boasts the only public escalator in the city. Larger Chinese chain stores cover the upper floors, and several of the complexes have opened authentic Chinese-style food courts at the top levels. In Behoririka, one can find almost any type of manufactured item, from plastic toys, electronic devices, clothes, hats, bags, jewellery, kitchen and household appliances, wigs, cosmetics, blankets, to fake flowers. Photographs 4 and 5 show the Avance Centre in Behoririka, a large shopping complex dominated by retailers selling clothes, toys, and accessories, whose entrance is adorned by Chinese and Malagasy flags, and a shopping complex dedicated to selling Chinese electronic goods.

Photograph 4: The Avance shopping centre in Behoririka.



Photograph 5: The Tin Qiu Electric City shopping centre in Behoririka.



The expansion of new Chinese networks in Madagascar

The majority of new Chinese migrants come to Madagascar through personal kinship or business networks.⁵²⁴ Out of the 25 small-scale Chinese traders in Behoririka who arrived in Madagascar over the past five years, 23 had moved to the island after hearing about business opportunities in the country from

⁵²⁴ This section is based on information derived from 25 small-scale Chinese traders that owned or worked in one of the shops selling imported goods from China in Antananarivo in 2010 and 2011. 10 individuals worked in the Dong Wu Shang Chang Shopping Centre (East Wu Shopping Centre) and 15 were employed in the Venice Shopping Centre in Behoririka. All of the stores in the East Wu centre sold textile goods, and the ones in the Venice centre a variety of manufactured items, including household goods, toys, cosmetics, shoes, and bags. Questions included basic queries about personal information such as age, the Chinese province of origin, the number of years in Madagascar, and questions about their business, such as the number of Chinese and local employees, the origin of their products, from whom they rented or leased their shop, how they perceived the Malagasy business environment, what types of interactions they experienced with the Malagasy and resident Chinese communities, and more generally what they thought of living and working in Madagascar.

a relative or friend who had previously worked in Madagascar. Most of the traders live with other Chinese migrants, who are often relatives or friends from China, in small apartments, and are solely in Madagascar on a short-term basis to “do business”.⁵²⁵ The small-scale entrepreneurial migrants plan to return to China in the relatively near future and conceive of their temporary residency in Madagascar as something akin to a necessary evil in order to make money quickly. As one of the traders stated: “everybody I know in Madagascar is here for only one reason: to make as much money as possible and then return to China once they think they have made enough”.⁵²⁶ He seemed very adamant that this was to him a business opportunity and that he was not particularly interested in socialising with the Malagasy or integrating with Malagasy society. Another concurred that he does not plan to remain in the country for too long, but if his business is good he will stay.⁵²⁷

The experiences of Sylvain Liu and Ren Yujie in turn exemplify the pertinence of Chinese networks at the state level. Mr. Liu arrived in Madagascar in 2000 to work for SOGECO, but resigned from his job in 2004 to become an independent businessman. After leaving SOGECO, he decided to learn French and bought “Madagascar Découverte”, a travel agency and tour operator. He utilised his business connections in China to promote his company there. In 2005, the Chinese government sanctioned Mr. Liu’s company as the sole travel agency for official Chinese visitors, and it is today a preferred provider for Chinese tourists. After a significant slump in tourism in 2009 and 2010, 2011 was a very successful year for Mr. Liu, with around 2,000 clients requesting his company’s services. Half of his clients were private tourists, and the other half consisted of prospective businessmen scouting the country for economic opportunities. Having fostered his connections with the Chinese state, Mr. Liu recently ventured into the construction sector and is increasingly contracting projects to Chinese SOEs.⁵²⁸ Mr. Ren, on the other hand, arrived in Madagascar as part of a Chinese government-sponsored medical mission in 1992. Upon his return to China, he noted how cheap everyday household goods were in China compared to Madagascar, and realised he could profit considerably by importing and selling these goods in Madagascar.⁵²⁹

After launching their enterprises in Madagascar, the more successful Chinese entrepreneurs utilise the Chinese business networks and supply chains to

⁵²⁵ Interview with Chinese trader #4 in Behoririka, April 27, 2011.

⁵²⁶ Interview with Chinese trader #7 in Behoririka, April 27, 2011.

⁵²⁷ Interview with Chinese trader #5 in Behoririka, April 27, 2011.

⁵²⁸ Interview with Mr. Liu, August 25, 2011.

⁵²⁹ Interview with Mr. Ren, October 27, 2010.

develop and diversify their economic activities. There are several established names among the new Chinese business community, including Mr. Ren. Mr. Ren became an importer when he bought his own retail space in 1997 and began selling general merchandise such as clothes, shoes, and blankets from China. As a trained neurosurgeon who first visited Madagascar with a Chinese medical mission, he was interested in opening his own practice. However, the lack of trained staff and equipment in Madagascar rendered this impossible and made it more lucrative for him to become involved in the import-export business.⁵³⁰ When Ravalomanana cut import taxes on electronic goods after 2002, he began importing electronics.⁵³¹ He now owns Bao Lai Electronics, with storefronts along Independence Avenue (the main street in downtown Antananarivo), in Soalala (adjacent to Behoririka) and in Toamasina. Bao Lai is today the Malagasy distributor for Sichuan Changhong Electric (Changhong). Similarly, Shang Liang, a successful entrepreneur from Guangxi who started his career in Madagascar in the early-1990s, also began by importing shoes and clothes from China to Madagascar. After having accumulated sufficient capital, he created a wholesale export company and now exports primary products such as fish, wood, coffee, cloves, and raffia from Madagascar to Asian countries, including Vietnam, Japan, Singapore, and China, through his new business, Perle Trade Company.⁵³²

Likewise, Kai Guo Wei, from Fujian, first disembarked in Madagascar as a temporary economic migrant at the suggestion of his uncle in 1994 and began his career by importing and selling shoes and clothes. Mr. Kai has expanded considerably his activities since he first arrived in Madagascar almost two decades ago. He began as a small-scale trader, but this undertaking proved successful enough for him to eventually begin importing electronic goods, household appliances, furniture, and other, larger manufactured items from China to Madagascar. Due to the growing numbers of Chinese entrepreneurs who began moving to Madagascar to start their own import businesses in the 2000s and the increasingly negative image associated with the Chinese products in Madagascar, Mr. Kai has recently changed careers. He launched a real estate business and created the Globe Company, shown in photograph 6, which leases buildings and shops to new Chinese immigrants.

Photograph 6: The Globe Company headquarters in Behoririka.

⁵³⁰ Interview with Mr. Ren, October 27, 2010.

⁵³¹ Interview with Mr. Ren, October 27, 2010.

⁵³² Interview with Mr. Shang, November 8, 2010.



These Chinese immigrants have become so economically successful in Madagascar that they are inclined to remain in the country indefinitely.⁵³³ As the new Chinese in Madagascar stay longer, have children, and put down roots, a community of new Chinese is forming that may begin to expand through natural demographic growth in much the same way that the old one did. These migrants have proven themselves adept at adapting to both Madagascar's uncertain economic and political environment and the recent increase in competition from newer Chinese migrants. Mr Shang, who lives in an affluent district of Antananarivo frequented by the expat community with his family, views Madagascar as his new home.⁵³⁴ Likewise, although Mr Liu travels to China every three months he plans to stay in Madagascar for at least another five to six years since "business is good". Mr. Kai's son, who hopes to stay in Madagascar because he grew up in the country and believes he has better business opportunities there than in China, is another example of a temporary

⁵³³ See Haugen and Carling, "Baihuo Business", 639-662, for another example of this occurring in Cape Verde.

⁵³⁴ Interview with Mr. Shang, November 8, 2010.

entrepreneurial migrant who may turn into a permanent resident of Madagascar.⁵³⁵

As a result, Chinese business networks in Madagascar are becoming formalised through the creation of business associations, which is shifting power relations among the old and new Chinese. The Association of Chinese Commerce and Entrepreneurs in Madagascar (ACECMA) was formed in 2007 after an attempt to install a new, Mandarin-speaking Chinese as president of the traditional Chinese congregation failed in 2006.⁵³⁶ The ACECMA currently has about 300 individual members who represent 90 companies. Members of the old Chinese community have been invited to join the association, and occupy positions of minor importance, such as “honorary president”.⁵³⁷ When they first arrived in Madagascar, the Chinese entrepreneurs who are now leaders in the new Chinese community, such as Mr. Shang and Mr. Liu, sought out important figures from the old community, such as Mr. George, for advice concerning their lives and businesses in Madagascar. New Chinese arrivals seeking guidance now contact individuals such as Mr. Shang or Mr. Liu, not members of the old Chinese community.⁵³⁸

Since the old and new Chinese are usually active in different parts of the economy, some members of the old Chinese community are also beginning to exploit the presence of new Chinese networks in the country. The owner of Sam Kocwa, an electronic store on Independence Avenue in downtown Antananarivo, provides an example of how this is occurring. His parents are both Chinese immigrants who arrived in the 1930s, and he grew up collecting vanilla for his father in the rural regions around Toamasina. His family moved to Antananarivo in the 1940s so that the children could attend the Chinese school located there. Two decades ago, he inserted himself into the small but growing new Chinese business community and was one of the first Sino-Malagasy to begin directly purchasing large quantities of electronics from manufacturers in China. He decided to sell electronic goods from China because he saw a niche in the market and realised that new economic opportunities would become available for him in the wake of China’s economic opening. His business has been so successful that

⁵³⁵ Interview with Mr. Kaz, October 6, 2010.

⁵³⁶ Interview with the president of the Chinese Women’s Association in Antananarivo, October 29, 2010.

⁵³⁷ This information is derived from an ACECMA brochure given to me by Mr Shang. According to the brochure, ACECMA was formed to promote Chinese businesses and solidarity in Madagascar, ameliorate the image of Chinese business in Madagascar, foster technical and scientific exchanges between Madagascar and China, and reinforce collaboration between itself and Malagasy business associations as well as the government.

⁵³⁸ Interview with a private investor from Hong Kong, March 22, 2010.

he also sells wholesale to larger companies and rents out three villas that he owns.⁵³⁹ In another example, Marcelle Chang created the Malagasy-Chinese Business Council (MCBC) in 2004, a loose organisation of businessmen with around 30 members, to “bridge the divide between the old and new Chinese communities, and between the Chinese and Malagasy populations more generally”.⁵⁴⁰ As a member of the resident Chinese community in Madagascar, Mr. Chang was able to call on existing contacts within the Malagasy elite to further mutual benefit between the new Chinese and Malagasy business communities.⁵⁴¹ He created the MCBC with Ntsoa Randriamifidimanana, director of Pointe Pacom, an influential Malagasy distributor for construction material, Fidy Raharimanana, president of Harson Development, Ramaroson Au Taive Paul, a Chinese-Malagasy based in Hong Kong and Shunde, as well as Jacky Radavidra, an influential entrepreneur and father-in-law of Marc Ravalomanana’s daughter.⁵⁴²

The impacts of Chinese business networks on local entrepreneurs

Malagasy entrepreneurs are also increasingly benefitting from the expansion of Chinese business networks in the country, through both the small-scale Chinese traders and the more successful entrepreneurs. Malagasy employees work in many of the Chinese shops, the Malagasy rent property to the Chinese, and some Malagasy have begun to purchase Chinese goods from the traders to sell themselves. This is occurring to such an extent that Pellerin and Fournet-Guérin have criticised the use of the term “Chinatown” for Behoririka as misleading.⁵⁴³ Bao Lai Electronics, for instance, employs approximately 80 Malagasy and three new Chinese (the latter of which occupy the managerial positions).⁵⁴⁴ The Malagasy also legally own the retail space from which the Chinese conduct their business. Although Chinese entrepreneurial migrants manage all of the shopping complexes, they have to lease the buildings from a Malagasy for a maximum of 99 years because a foreigner is not allowed to buy land in Madagascar. The Chinese who lease entire buildings thus also rent out

⁵³⁹ Interview with the owner of Sam Kocwa, August 30, 2011.

⁵⁴⁰ Interview with Mr. Chang, November 24, 2011.

⁵⁴¹ Mr. Chang’s ancestors had arrived in Madagascar in 1900. Interview with Mr. Chang, November 24, 2011.

⁵⁴² Pellerin, *Le Nouvel Eссор*.

⁵⁴³ Pellerin, *Le Nouvel Eссор* and Fournet-Guérin, *Vivre à Tananarive*.

⁵⁴⁴ Interview with Mr. Ren, October 27, 2010.

shops inside these buildings to Malagasy entrepreneurs.⁵⁴⁵ Local entrepreneurs sometimes choose to buy products from the Chinese importers at wholesale prices and then sell them in smaller shops or stalls on the streets of Behoririka. By moving into wholesale, the Malagasy merchants remove themselves from direct competition with Chinese retailers and enhance their competitiveness by being able to lower their prices. Photographs 7 and 8 depict Malagasy entrepreneurs selling clothes and plastic sandals imported from China from stalls on the street in Behoririka.

Photograph 7: Malagasy vendors selling clothes imported from China.



Photograph 8: Malagasy vendors selling sandals imported from China.

⁵⁴⁵ World Wildlife Fund, *Briefing Note: Madagascar*.



Although the Chinese traders are themselves concentrated in Antananarivo, the expansion of Chinese supply chains to local entrepreneurs also means that low-cost consumer items are increasingly reaching remote parts of the country. These supply chains are not replacing existing ones, but introducing new goods to rural areas and generating options for the Malagasy to work as distributors. Chinese phones began arriving in Belon' i Tsiribihina, a small town on Madagascar's northwestern coast, in 2007 through the efforts of local entrepreneurs who travelled to Antananarivo, purchased the goods, and brought them back to the town. Mobile phones were unknown then, but they are now commonplace. More townspeople currently possess cellular phones than they do landlines, which were laid in 2006.⁵⁴⁶ Chinese goods have extended to areas of the country that are not frequently accessed by manufactured goods or national telecommunication networks. Similar to what has been observed by Kohnert, in Madagascar, "notwithstanding the growing divide between today's Chinese entrepreneurial diasporas on the one hand and rival groups of local entrepreneurs on the other, there has been long-standing, effective collaboration at the

⁵⁴⁶ Discussion with a resident of Belon 'i Tsiribihina, October 19, 2010.

grassroots level between the different trading diasporas. This collaboration is based on the division of labour and on the comparative advantage of each group's innovation culture. This cooperation has also contributed to nationwide poverty reduction, particularly through the provision of cheap basic consumer goods to even the most remote corners of the hinterland".⁵⁴⁷

The case of the Malagasy Paper Company (PAPMAD) demonstrates how Chinese business networks exposed a Malagasy company to global supply chains based in China. This allowed the former to increase its productivity and enhance its competitiveness vis-à-vis similar Chinese imports on the local market. PAPMAD, the only paper company in the Indian Ocean region, has been in operation in Madagascar since 1963. PAPMAD was successful for over 40 years until it had to terminate its operations due to increased competition from imported paper products (paper products feature quite high on the list of Malagasy imports from China). In Madagascar, it is rumoured that PAPMAD also suffered from Ravalomanana's economic policies, and that it was one of the companies disenfranchised by the growing presence of the TIKO group in many sectors of the Malagasy market. With the installation of the HAT, PAPMAD's prospects seem to have risen again. PAPMAD re-entered the market in 2009, having decided to produce only recycled paper. It launched a new toilet-paper line, priced it beneath the Chinese-imported equivalent, and took advantage of the widespread sentiment that Chinese products are of bad quality. It gambled that a lower price would induce more customers to choose its product.

In order to implement this strategy, PAPMAD utilised its growing personal connections with Chinese businessmen in Madagascar to purchase three new industrial printing machines from a Chinese company based in Beijing. Large German and Italian companies dominate the market for industrial printing machines, but the Chinese company was better suited to PAPMAD's needs for several reasons. It produced paper-producing machines on a smaller scale than the European industrialists, the technology needed to operate the machines was simpler and less reliant on expensive parts, and the Chinese were willing to sell the Malagasy company the machines at a low price and at the production capacity that it needed. In addition, while the deal was being negotiated, the Chinese company offered to fly a representative from PAPMAD to China to inspect the machines before buying them, exemplifying the importance of personal relationships within these business networks. Three Chinese technicians subsequently travelled to Antananarivo to install the machines and train PAPMAD employees in their usage, raising the potential for skills transfers. Since

⁵⁴⁷ Kohnert, "Chinese and Nigerian Cultures of Innovation", 1-31, p. 24.

these men spoke only Mandarin, PAPMAD hired a young Malagasy woman who had studied Mandarin at the Confucius Institute in Antananarivo to act as an interpreter. PAPMAD has expressed complete satisfaction with the Chinese machines and doing business with the Chinese company in general. PAPMAD now produces only recycled paper, which is also very positive for the environment, and more generally for sustainable development prospects in Madagascar.⁵⁴⁸

The Chinese government has played a role in facilitating private Sino-Malagasy economic exchanges. It indirectly helped PAPMAD negotiate with the Chinese company by investing in the creation of the Confucius Institute at the University of Antananarivo in 2008.⁵⁴⁹ The inauguration of the Confucius Institute in Madagascar is a form of Chinese investment in Malagasy human capital formation, since the proliferation of the Chinese language in Africa through these institutes is itself an example of how China has promoted the Chinese language as an economic tool for development.⁵⁵⁰ Most of the students learning Mandarin at the Institute already possess a bachelor's degree, and are studying Mandarin to increase their employability. Several are mature-age students from the old Chinese community wishing to connect with their Chinese brethren and "stay with the times", but the majority of them are Malagasy.⁵⁵¹ Every year, the Institute subsidises 20 Malagasy students to continue their studies in Han-ban, China. Many students who study Mandarin at the Institute receive job offers from both Chinese businesses in Madagascar and Malagasy businesses with ties to China. Due to the success of the Institute, it has opened up branches in Toamasina and Fianarantsoa as well.

China actively promotes the fostering of Sino-Malagasy business links. In 2010, China extended an invitation to Malagasy business associations to attend the 11th Western China International Fair in Chengdu in order to explore economic opportunities in China and display Malagasy goods. To encourage their participation, the Chinese government proposed to pay for transport costs, accommodation, and a tour of local tourist sites for one representative of each

⁵⁴⁸ Interview with the director of PAPMAD, March 3, 2012.

⁵⁴⁹ Confucius Institutes are Chinese-government-supported language training institutes supported by the Chinese Ministry of Education, with headquarters at the Office of Chinese Language Council International in Han-ban, China. The Chinese government supplies the Institute's furniture and equipment but the Institute's budget consists of student fees. A Chinese-Malagasy woman and a professor from China jointly direct the Institute. Madagascar's Confucius Institute was inaugurated under a partnership agreement with Jiangxi Normal University. The Institute offers classes in Mandarin and Chinese cultural and business norms, and regularly hosts cultural events with visiting performers from China.

⁵⁵⁰ Hoogenbosch, *Chinese as a Commodity*.

⁵⁵¹ Interview with a teacher at the Confucius Institute, October 4, 2010.

Malagasy company that was invited.⁵⁵² China also offers numerous scholarships for Malagasy students and government employees in China, and invites Malagasy public servants to participate in forums, conferences, and technical training seminars in China. Every year, the Chinese government pays for 120-150 Malagasy students to receive higher education and training in China. Training and workshop themes include business management strategies, training for the hybrid rice project, strategies for the promotion of exports, and the management of joint-venture projects.

China's engagement in Madagascar has increased bi-directional business and migratory flows between China and Madagascar. Small numbers of Malagasy entrepreneurs are travelling to China to engage in business on a temporary basis. The director of the Group of Malagasy Enterprises (GEM), a prominent local business association, accepted the invitation to attend the trade fair in Chengdu and flew to China in October 2010 to showcase her company's products. This was not her first time in China, as she regularly flies to Guangzhou to display her wares at other events and to purchase Chinese goods to sell in Madagascar.⁵⁵³ Some Malagasy have also begun to create new businesses in China that service the influx of temporary Malagasy entrepreneurs in Guangzhou. An individual from the old Chinese community recently opened several hotels in Guangzhou that offer interpretation and intermediation services to Malagasy entrepreneurs wishing to conduct business in China.⁵⁵⁴ Malagasy entrepreneurs thus form part of the emerging African trading communities in Guangzhou.⁵⁵⁵

By maintaining that Chinese migrants could stimulate local entrepreneurship in Madagascar through knowledge transfers and business networks, I am drawing on the "flying geese" model of latecomer development, which is arguably beginning to take shape in Madagascar at a small-scale and localised level. As Chinese entrepreneurial migration to Madagascar has accelerated over the past decade, Malagasy entrepreneurs have profited from the increase in economic activity. After markets for a certain product became crowded, some Chinese diversified into other areas of the economy and Malagasy began to fill the vacuum. Many Malagasy that are originally hired by a Chinese become successful merchants themselves because they know the market well, they have a better appreciation of local demand, and they are more trusted by the Malagasy clients. This shift in market share is currently occurring in the electronics industry, which is forcing some of the new Chinese entrepreneurs to

⁵⁵² Interview with the director of the GEM, November 16, 2010.

⁵⁵³ Interview with the director of the GEM, November 16, 2010.

⁵⁵⁴ Pellerin, *Le Nouvel Essor*.

⁵⁵⁵ See Bodomo, "African trading Community in Guangzhou", 693-707.

move away from the import-export sector to areas such as fishing and mining.⁵⁵⁶ A similar phenomenon occurred with the movement of Chinese entrepreneurs from Mauritius to Madagascar in the textile and export sectors. As the Mauritian economy began to develop rapidly in the 1990s, local textile factories began to move from Mauritius to Madagascar, which by then had much lower wages and a significantly larger work force and was benefitting from preferable trade terms with the US under the AGOA. Mauritius, on the other hand, has moved into other, more mature sectors, such as banking, and is modelling itself as a technology hub. Chinese SOEs are now setting up a new EPZ in Mauritius, while many smaller Chinese firms have moved on to less mature markets such as Madagascar.

Conclusion

This chapter has elucidated the growth and characteristics of Madagascar's two Chinese migrant communities and discussed the relevance of Chinese business and kinship networks in Madagascar in enhancing local opportunities for employment and entrepreneurship. Relationships are crucial factors for success among diaspora communities operating in foreign countries with frail regulatory frameworks and little judicial protection of local social safety nets, and this also appears to be the case in Madagascar, where personal relationships matter at the political and everyday level.⁵⁵⁷ Although the old Chinese community gradually lessened their relations with their homeland because of French colonial policies, by virtue of their Chinese ethnicity, the new Chinese are slowly re-awakening dormant kinship ties between the Sino-Malagasy and the "Chinese from China". The existence of the resident Chinese community in the country helps explain the relatively high rate of new Chinese migration. The fact that the majority of new Chinese traders chose to open their shops in Behoririka, the former bastion of the old Chinese community in Antananarivo, implies that they took advantage of the integration between the old Chinese community and Malagasy society to position themselves as less foreign and thus more amenable to the Malagasy consumer. The new Chinese migrants have in turn utilised existing personal connections with family or business partners in their homeland to launch their enterprises in Madagascar, and continue

⁵⁵⁶ "Une Petite Vendeuse Chez les Chinois Devient une Grossiste des Produits Electroniques", *Xinhua News*, August 19, 2011.

⁵⁵⁷ See Fafchamp and Minten, "Relationships and Traders", 1-35, for a treatment of personal relationships among rural traders in Madagascar.

to rely on business networks to sustain their operations, some of which have become very successful.

The extent to which elements of this success will carry over into the local population will depend on the levels of Sino-Malagasy interactions. The small-scale traders, who are overwhelmingly temporary economic migrants, display little desire to integrate socially with Malagasy society. Yet these traders, who impact the lives of the Malagasy population on a day-to-day basis and who are the most visible aspect of the new Chinese engagement to the majority of the Malagasy population, will influence the developmental impacts of Sino-Malagasy links in important ways. They provide jobs to the Malagasy and they constitute an entry point for Malagasy entrepreneurs to integrate with global supply chains. The more successful new Chinese entrepreneurs are beginning to formalise their business networks through the creation of business associations. Many of them will remain in the country longer than they had originally anticipated, and they have already begun to foster closer economic relations with some members of the Malagasy economic elite. Their offspring might be born in Madagascar and develop similar types of mixed Sino-Malagasy identities that have been evidenced by members of the old Chinese community, possibly increasing levels of interaction in the future.

I have argued that Chinese entrepreneurial migrants can help facilitate local entrepreneurship in Madagascar by introducing new business networks and supply chains into the economy. The issue under investigation is however not simply one about business networks, but about information transfers, and critically about Malagasy entrepreneurs rising to the multitude of challenges presented by the Chinese competition. Malagasy entrepreneurs have not begun to move into manufacturing in any serious capacity. So far, the relationship is restricted to one of knowledge transfers, which is an important first step, but which should not constitute the end goal. Nonetheless, the Malagasy traders who are purchasing wholesale goods from the Chinese, the local entrepreneurs and companies who are utilising Chinese supply chains business networks to compete against the Chinese, or those who are flying to China to locate the source of supplies directly, demonstrate that Malagasy entrepreneurs are increasingly taking advantage of new Sino-Malagasy links. Since these are both nurtured and created by the new Chinese migrants, this particular aspect of China's engagement in Madagascar seems to be providing incentives for local private sector growth.

Chapter 6: Mitigating negative perceptions and impacts

Introduction

Despite the existence of positive impacts, the new Chinese presence in the country is generally perceived as negative. To the Malagasy public, China's engagement is most palpable through the availability of Chinese products on the market and the visibility of the Chinese traders themselves. The low quality of Chinese imports is sometimes considered as evidence that the new Chinese "look down" on the Malagasy. Negative labour relations and cultural misunderstandings between Chinese employers and their Malagasy employees complicate an otherwise beneficial relationship in terms of employment. The Chinese are also widely viewed as unscrupulously furthering their business interests in Madagascar through a myriad of illegal and semi-legal methods, including the evasion of local laws and regulations. The growth of Chinese crime syndicates who oversee many of these illegal operations and are involved in the trafficking of endangered animals, gemstones, and precious woods has done little to dispel negative opinions of the new Chinese. Yet while some sources of distrust are real and important, others are founded on rumours and unconfirmed accusations, and depend to a significant degree on state presence, withdrawal, and policy.

The underlying issues influencing the negative perceptions and impacts arising from the Chinese engagement are structural and political. Several local companies have been forced out of the market due to the proliferation of cheaper Chinese goods, but the Malagasy state has done little to protect local entrepreneurs from excessive or unfair competition from Chinese imports or to encourage Chinese investment in local manufacturing instead. The local textile industry serves as a good example of how the influx of Chinese entrepreneurs has both aided and harmed local production. In the late-1980s, Madagascar successfully created an EPZ for low-value exports, which attracted many Chinese textile firms that contributed favourably to employment rates, skills transfers, and export rates. The EPZ has suffered a tremendous decline since the loss of AGOA after the political crisis of 2009, and most of the Chinese firms have moved on to other African countries. Today, Chinese textile imports have forced most of Madagascar's major textile producers to shut down. Similarly, the Malagasy state plays a large role in managing the environmental impacts arising from Chinese investments, especially in the extractive industries. Madagascar's regulatory framework to manage the environmental or social spill-overs is inadequate and

frail, and much of the discretion to comply with existing regulations or engage in environmentally sustainable investment practices lies with the Chinese companies themselves. As China's engagements in Madagascar's mining and petroleum sectors grow, the issue of environmental degradation will become increasingly pertinent for the Malagasy state.

Although some of the negative impacts that will be discussed in this chapter had already arisen during Ravalomanana's time in office, they were minimised because China's engagement was incorporated into his economic development plans, which were broadly successful in enhancing local wellbeing. Since 2009, the ability of the state to regulate and manage China's engagement in a manner that benefits the Malagasy population is progressively being eroded. This is due to the general deterioration in the rule of law, increased corruption, and, with the suspension of most donor support, the need for the HAT to find new sources of funding. The politicisation of the mining sector, where Chinese firms use their personal contacts with members of the HAT to circumvent environmental regulations, is indicative of this. Local authorities and prominent members of the HAT have also been directly implicated in trafficking scandals involving the Chinese crime syndicates.

In this chapter, I explore local perceptions of the Chinese engagement, assess their validity, and show that the responsibility to mitigate the negative impacts arising from the Chinese engagement ultimately rests with the Malagasy government. I proceed by exploring how local perceptions of the Chinese among the majority of Malagasy are shaped in the marketplace. Next, I ascertain how negative perceptions are fuelled by a Chinese disregard for local customs, which sometimes translates into tense relations between Chinese employers and their Malagasy employees. I then demonstrate that Chinese entrepreneurs do have a tendency to overlook Malagasy laws and regulations, and discuss the growth of Chinese crime syndicates in the country. I utilise the examples of the textile sector and the extractive industries to demonstrate that the impacts of Chinese investments on the local economy are to a large degree contingent on government policies. Lastly, I examine the ways in which the Chinese presence has become especially politicised under the HAT.

The shaping of local perceptions

Despite the familiarity between the Malagasy and the old Chinese, the new Chinese immigrants are received as strangers, and as the “other”.⁵⁵⁸ An interviewee noted: “they [the Malagasy] don’t really know yet how to act with them [the Chinese]. They do not really understand their culture and logic yet.”⁵⁵⁹ The Karana community once posed an identity threat by virtue of its dominant economic position, but the new Chinese have increasingly assumed this role: “the arrival of a new group of immigrants, who clearly stand out owing to the fact that they live in urban areas and make their presence felt in economic spheres to do with consumerism, has led to a partial shift in the position of outlets for Malagasy frustrations with the new Chinese now taking on the role of scapegoats”.⁵⁶⁰ This occurred in 2009, when pro-Rajoelina demonstrators looted several Chinese shopping centres in Behoririka as the coup d’état was unfolding in the capital.

Local anger towards the Chinese is largely shaped by features of the Chinese presence that are tangible to the majority of Malagasy, such as the low quality of many of the Chinese goods on the market.⁵⁶¹ The Malagasy believe that the majority of Chinese wares bound for Madagascar constitute the lowest, or “3rd tier” of Chinese goods made for export. It is held that “1st and 2nd tier products go to the European, American, and other Asian markets, and 3rd tier goods, the so-called Africa-grade, are explicitly produced in China for export to Africa”.⁵⁶² Other wares are often thought to be counterfeit, which is viewed as evidence that the Chinese traders are “tricking” the Malagasy consumer into buying false products.⁵⁶³ As a result, Malagasy consumers purchase Chinese goods with more trepidation than they do other foreign or locally produced products. For instance, a local grassroots consumer organisation (FIMPA), formed in response to numerous complaints against the low quality of Chinese products and the circumventions of laws by Chinese traders in 1998, was alerted to the case of a rural villager who had complained to the village chief about a strange smell emanating from flour he had bought at a Chinese grocery shop. The villager

⁵⁵⁸ Amadhila, “Grassroots Perceptions”, 17-45, p. 25.

⁵⁵⁹ Interview with the president of the Platform for the Organisation of Malagasy Civil Society for the Environment, September 16, 2011.

⁵⁶⁰ Fournet-Guerin, “La Nouvelle Immigration Chinoise”, 45-57, p. 53.

⁵⁶¹ Midi Madagasikara, 2012.

⁵⁶² Interview with the director of consumer protection at the Malagasy Ministry of Commerce, December 2, 2010.

⁵⁶³ Interview with the director of Sipromad, September 29, 2011.

acknowledged that while he would have been cautious about using flour that had an unusual smell, he only made a formal complaint because the product had been imported from China.⁵⁶⁴ An especially galvanising incident occurred in 2007 when FIMPA was asked to assist a young boy who had to be admitted to hospital after a plastic yo-yo manufactured in China and sold in Madagascar leaked a hazardous liquid substance onto his skin.⁵⁶⁵

It is also widely believed that Chinese companies prefer to utilise convict labour from China rather than hire local Malagasy workers for their large construction projects in the country.⁵⁶⁶ It is rumoured that 800 Malagasy and 400 Chinese criminals who had been brought over to work off or reduce their sentences in China built the five-star hotel and ICC in Ivato. By importing their own labour, Chinese companies are thought to be contributing to unemployment rates in the country.⁵⁶⁷ This position was iterated not only by Malagasy citizens, but also by employees of the IFIs in Antananarivo, which indicates a severe lack of knowledge concerning China's engagements in the country among both the locals and foreign residents.⁵⁶⁸ As Sautman and Yan argue, "while the rumour [that the Chinese import convict labour] often originates at the grassroots in developing countries, it is promoted locally and globally by political, economic, and media elites with distinct agendas that often involve building support for opposition parties, competition in obtaining contracts, or geo-strategic and ideological rivalry".⁵⁶⁹

Some of the new Chinese traders and companies do have a propensity to disregard local customs. A story involving COMPLANT's apparent indifference for the customs of the Sakalava, who inhabit the region around the company's sugar plant in Morondava, reveals how the behaviour of members of the new Chinese community sometimes fuel the proliferation of negative perceptions. There exist many different *fady* (social taboos) among the various ethnic groups in the country that are based on ancestral worship. Pointing with your index finger may be forbidden in one region, but not viewed as offensive in another. Among the Sakalava, it is customary to ask the local queen for her blessing before undertaking any major new project or important activity. Upon being awarded the rights to manage the sugar plant in Sakalava territory, COMPLANT began upgrading the factory with significant construction work without having first

⁵⁶⁴ Interview with the director of FIMPA, December 6, 2010.

⁵⁶⁵ Interview with the director of FIMPA, December 6, 2010.

⁵⁶⁶ Interview with a member of the old Chinese community, September 22, 2010.

⁵⁶⁷ Interview with a professor at the Catholic University of Antananarivo, August 16, 2011.

⁵⁶⁸ Interview with a former Malagasy employee of the IMF, October 28, 2010.

⁵⁶⁹ Sautman and Yan, "Chasing Ghosts", 398-418, p. 398.

sought the blessing of the Sakalava queen. Sugar production at the factory initially suffered from a poor sugarcane harvest, but once COMPLANT requested an audience with the queen, the sugarcane flourished. Since then, production rates at the factory have increased exponentially. Several Malagasy have attributed this to the fact that the Chinese company had angered the local spirits by not adhering to the custom of soliciting the queen's goodwill. Allegedly, once they relented and followed the "Malagasy methods of doing business", they prospered.⁵⁷⁰

Other provocative events tend to involve the treatment of Malagasy employees by their Chinese employers. This occurred in 2010 when a Chinese production manager at a sugar plant owned by COMPLANT reversed a cooking pot in which Malagasy workers had been preparing their lunch. The latter responded by collectively striking for 48 hours. The regional boss of the company, a Malagasy, subsequently fired the Chinese manager of production. The incident became a national political scandal and culminated in the deportation and permanent expulsion of the Chinese production manager from Madagascar in September 2010.⁵⁷¹ The discovery at the end of 2010 by agents from the Malagasy National Fund for Social Welfare that a Chinese manager of a building project in Behoririka had hit a female employee also degenerated into a national scandal.⁵⁷² Although the events described above did not cause violent public outrage, others have resulted in large-scale hostility against Chinese entrepreneurs. In 2011, a confrontation between a Chinese shop owner and his Malagasy employee resulted in the rioting of 3,000-5,000 increasingly agitated Malagasy on the streets in Behoririka. The Chinese employer, who owned a store selling shoes in the Venice shopping complex, had accused his employee of attempting to steal sandals. According to the shop owner, a client had bought seven pairs of sandals, but the employee had taken 26 pairs out of the stockroom and planned to peddle the spare shoes himself. The employee denied the allegation, and the discussion escalated until the Chinese shop owner struck his Malagasy worker, who had to be evacuated to a hospital. The Malagasy rioters eventually pillaged several Chinese shops and attacked three other European foreigners (suggesting that while actions of the new Chinese community represented the immediate impetus for the uproar, underlying social and economic discontents may have played a role in the escalation of events and resulted in the targeting of other "others" as well).⁵⁷³ The Chinese embassy consequentially issued a press statement expressing its regret at the incident and urging all

⁵⁷⁰ This story was recounted to me in a discussion with a German PhD student in Madagascar and a member of the old Chinese community, September 22, 2010.

⁵⁷¹ Madagascar Tribune, September 24, 2010.

⁵⁷² Pellerin, *Le Nouvel Essor*.

⁵⁷³ L'Express de Madagascar, 2011.

Chinese living in Madagascar to respect the law and live peacefully with the Malagasy.

Chinese traders and companies in Madagascar also have a tendency to ignore local laws and regulations. Many Chinese retailers do not comply with the rule that hygienic and nutritional products in Madagascar must have clearly marked labels in either French or Malagasy.⁵⁷⁴ Almost all of the Chinese products sold in the Horizon supermarket owned by SOGECOA in Ivato retain their Chinese labels, and even the receipt tendered is in Mandarin characters. Although this may suggest that the supermarket caters to the new Chinese community in Antananarivo and not to the local Malagasy (who may find it difficult to travel to the outskirts of the city to buy groceries), this phenomenon is not exclusive to SOGECOA. All of the Chinese goods found in Behoririka, other parts of Antananarivo, or the village of Belon 'i Tsiribihina boast Chinese labels, which the Malagasy consumers cannot read.⁵⁷⁵

Furthermore, local Chinese crime syndicates have become quite pervasive throughout the country. The presence of the Chinese mafia, which began arriving in Madagascar as private Chinese migration to the island accelerated, has become more widespread as the rule of law has deteriorated under the HAT.⁵⁷⁶ Between 80% - 90% of the casinos in Antananarivo, which are owned by new Chinese entrepreneurs, are rumoured to serve as fronts for illegal activities such as money laundering, identification falsifications, and the illegal drug trade.⁵⁷⁷ The interlinked syndicates are also involved in the smuggling of endangered animal species, gemstones, and precious woods. The animal species comprise mainly sharks, sea turtles, and sea cucumbers. Shark fins and sea turtles are culinary delicacies in China, and turtle shells are used for medicinal purposes.⁵⁷⁸ Chinese prospectors have also become highly influential in the trade for rubies and sapphires and have overtaken the Thais and Sri Lankans who have traditionally dominated the illegal market. Chinese gemstone prospectors migrate around the country without informing the authorities of their movements, leaving one area where gemstones deposits are becoming depleted and moving on to the next

⁵⁷⁴ Interview with the director of SIM, November 22, 2010.

⁵⁷⁵ Interview with the director of FIMPA, December 6, 2010.

⁵⁷⁶ La Gazette de la Grande Île, 2011d.

⁵⁷⁷ Interview with Mr. Sinoui, October 26, 2010. See La Gazette de la Grande Île, 2011d.

⁵⁷⁸ World Wildlife Fund, *Briefing Note: Madagascar*. Legal Chinese shrimping trawlers operating in the Mozambique Channel off Madagascar's Western coast provide cover for Chinese fishermen who seek to exploit other endangered maritime resources. Legal Chinese fishing activities also cause frictions between Malagasy and Chinese fishermen.

promising area.⁵⁷⁹ In mid-2011, many of them migrated from an area along the east coast to the northern region of Andapa, where they buy gems from locals who extract them from the Anjanaharibe national park.⁵⁸⁰ Although Madagascar's boom in gem mining since the late-1990s has largely been driven and controlled by mining and transnational gem trafficking since its inception, the situation is becoming increasingly complex with the proliferation of Chinese networks.⁵⁸¹

The trafficking of precious woods has however attracted more domestic and international attention than either that of the endangered animals or the gemstones, mainly because of the scale on which it is occurring and the danger that this represents for Madagascar's rainforests. China is purchasing enormous quantities of unprocessed timber from various countries, including Madagascar, where the export of rosewood has become an especially pertinent issue.⁵⁸² In 2001, 98% of precious timber from Madagascar was exported to China.⁵⁸³ Before 2005, rosewood exports were legal and constituted a significant amount of Malagasy sales to China. In order to slow the growth of deforestation and the smuggling of precious wood within the realm of legal exports, Ravalomanana banned the sale of wood by closing forestry sites.⁵⁸⁴ In late 2009, Rajoelina's government granted an exceptional authorisation to export small amounts of raw and semi-processed hard wood from Madagascar, which effectively provides a loophole for the sale of illegally cut and collected wood. This allows for the potential embezzlement of funds in the name of environmental protection, and constitutes a legal incentive for further corruption in the forestry sector.

In 2009, more than 52,000 tonnes of Malagasy rosewood were obtained from between 15,000 and 75,000 trees, 60,000 of which were located in protected areas. Approximately 36,700 tonnes of rosewood have been exported almost exclusively to China, for a total export sale price of US \$220 million. The transport of logs was openly conducted on the roads around the main regional town of Antalaha, in full view of the local authorities, suggesting "a serious deterioration of the law and collaboration between the law enforcement agencies and illegal traders".⁵⁸⁵ In the northeastern Sava region, members of the trafficking syndicates earned 76% of these revenues, and the Malagasy state only 24%.⁵⁸⁶

⁵⁷⁹ Interview with a mining consultancy, November 4, 2011.

⁵⁸⁰ Unpublished UNDP report on the social impacts of mining by Luke Freeman.

⁵⁸¹ See Duffy, "Gemstone Mining in Madagascar", 185-206, for a discussion of trafficking networks in the mining sector.

⁵⁸² Kozak and Canby, "Why China Prefers Logs".

⁵⁸³ Randriamalala and Liu, "Rosewood of Madagascar", 11-22, p. 15.

⁵⁸⁴ Ramiandrisoa, Razafindravonona, and Rafalimanana, 2008: 23.

⁵⁸⁵ Randriamalala and Liu, "Rosewood of Madagascar", 11-22, p. 12.

⁵⁸⁶ Randriamalala and Liu, "Rosewood of Madagascar", 11-22, p. 11.

Members of local communities who reside in the areas of rosewood conservation also derive very little benefit from timber harvesting, which severely compromises the integrity of the protected areas and their ecosystems, while nearly all the profits accrued go to those who run the illegal operations.⁵⁸⁷

The role of the Malagasy government: the textile sector

The negative perceptions afforded to the Chinese engagement in Madagascar bear some validity, but placing excessive blame on the new Chinese actors limits investigations into the role of the Malagasy state in managing their activities. The state has an important function in harnessing the engagement where it benefits the local population and mitigating the negative impacts when it harms them. The example of the textile sector shows that some low-cost Chinese commodities in Madagascar have attracted a large pool of low and medium-income consumers away from local enterprises, forcing the latter to adopt competitive pricing strategies (incurring significant profit losses) or shut down.⁵⁸⁸ The Malagasy Blanket Company (SOMACOU), Savonry Tropicale, a local leader in soap manufacturing, and Aigle D'Or, a shoe and sandal producer have all been unable to withstand the increased competition. Chinese products are considered to have “basically ruined the local textile industry”, and they are “in the process of ruining the artisanal industry (items such as raffia bags, purses, children’s toys, etc.), the plastics industry, the blanket industry, and the little agricultural industries”.⁵⁸⁹

In the 1980s, Madagascar counted six major textile companies.⁵⁹⁰ By the late-1990s, three of these companies had been squeezed out of the market, and by 2006 SOMACOU was the only one left out of the remaining three that still possessed a significant market share of 80%. Between 2006 and 2011, SOMACOU’s local production rates diminished by 90%, and its market share fell from 80% to 20%. The company has not been able to counter the influx of cheaper Chinese blankets, which sell for around 10,000 Ariary (US \$5) instead of the 30,000 – 70,000 Ariary (US \$15 – US \$35), depending on the quality, that a

⁵⁸⁷ Shuurman and Lowry, “The Madagascar Rosewood Massacre”.

⁵⁸⁸ Gadzala, “Chinese Entrepreneurs”, p. 6.

⁵⁸⁹ Interview with the economic counsellor at the French embassy in Madagascar on November 10th, 2010.

⁵⁹⁰ These include SOMACOU, La Cotonniere d'Antsirabe (COTONA), Société Sud Madagascar Textile (SUMATEX), Société Anonyme Malagasy des Applications du Fil (SAMAF), Société Textile de Majunga (SOTEMA), and Fanavotana.

blanket by SOMACOU retails for. The under-declaration of the value of goods by Chinese importers, which enables the Chinese retailer to sell their wares to Malagasy consumers at a price below the market rate, has often been cited as the primary reason for the decline of some local industries.⁵⁹¹ Table 15 shows the value of one unit of locally produced goods when they leave a local factory and the value of a similar product imported from China, according to a Malagasy newspaper report.

Table 15: The value of Malagasy goods compared with Chinese imports.

	Local Production (US\$)	Chinese Imports (US\$)
Blankets	2,47	0,50
Batteries	0,25	0,12
Lubrications	1,350	533
Biscuits	2,20	0,59
Household soap	0,69	0,29
Cement	14,0	9,0

Source: “Produits Importés: Les Fausses Déclarations Affaiblissent l’Industrie locale”, *La Gazette de la Grande Île*, October 20, 2010.

Neither Ravalomanana nor the HAT initiated steps to control the importation of Chinese imports or limit them where they compete directly with traditional Malagasy manufacturers or key industries. FIMPA has raised these issues with the Ministry of Commerce, but it has not received much support from the Malagasy government.⁵⁹² The Malagasy Industrial Syndicate (SIM), a more prominent business organisation, has also lodged official complaints with both the Ministry of Economy and the Ministry of Commerce concerning the loss of market shares for Malagasy producers through unfair and unlawful Chinese business practices. This resulted in the formation of a National Committee of Corrective Commercial Measures housed at the Ministry of Commerce in 2010. However, there have not been any tangible changes to the current customs regime, such as tighter customs controls, increased oversight and industrial subsidisation,

⁵⁹¹ Interview with the director of the Malagasy Industrial Syndicate (SIM), November 22, 2010 and the Malagasy minister of commerce, November 29, 2010.

⁵⁹² Interview with the director of FIMPA, December 6, 2010. FIMPA encourages consumers to voice their opinions in public service sectors such as health and education and bolsters public opinion against products imported from China.

or import quotas on specific goods, which would alleviate pressure on domestic producers.⁵⁹³ Madagascar's dilapidated infrastructures also mean that it is often cheaper for the Chinese to produce a product in China and have it shipped to Madagascar than for the Malagasy to produce it domestically.⁵⁹⁴

Conversely, government stability and policy is also crucial in attracting Chinese investors and encouraging knowledge transfers and employment. Chinese involvement in Madagascar's textile industry commenced in 1989 when an EPZ (known locally as the Zone Franche) was set up in the capital to facilitate foreign investments in labour-intensive consumer products. The establishment of the Zone Franche helped Madagascar branch into the production and trade of low-value manufactured goods, namely textiles, resulting in Madagascar's apparel exporting industry becoming one of the fastest expanding sectors in Sub-Saharan Africa over the last twenty years.⁵⁹⁵ At its peak, the Zone Franche used the appeal of low wages and generous tax exemptions to attract over 300 Malagasy and non-Malagasy firms to launch operations. In the process, it provided direct employment to over 100,000 individuals.⁵⁹⁶ The success of this scheme was largely dependent on preferential trade arrangements, including exemption from the Multi-Fibre Arrangements (MFAs) and inclusion in the SADC protocol on trade, the Everything But Arms Agreement, and, crucially, the AGOA, which opened up the market for Malagasy textiles in the US.⁵⁹⁷ Madagascar had already become eligible for the AGOA during Ratsiraka's second regime in 2001, but the political crisis of 2002 slowed the full extension of the agreement. Political stability under Ravalomanana led to the complete implementation of the AGOA, and Madagascar was allowed to use third country textile inputs in the production of AGOA-eligible products in 2004.

This drove Chinese (as well as French and Mauritian) investments in the Zone Franche and Madagascar's textile sector more generally. Over the past four years, the loss of the AGOA has led to a severe decline in the number of firms operating in the sector, Madagascar's export volume, and local employment rates. Madagascar's disqualification from AGOA after the political crisis in December 2009 caused many Chinese companies to move their production centres to

⁵⁹³ Interview with the director of SIM, November 22, 2010.

⁵⁹⁴ Interviews with the owner of Globe, October 6, 2010 and the resident representative of the IMF to Madagascar from 2008 -2010, September 28, 2010.

⁵⁹⁵ N'Diaye, *Adjusting to Chinese Ascendancy*.

⁵⁹⁶ Cling, Razafindrakoto, and Roubaud, *Export Processing Zones in Madagascar*, p. 3.

⁵⁹⁷ N'Diaye, *Adjusting to Chinese Ascendancy*. The MFAs imposed quotas on textile imports to industrialised economies from the Third World that benefitted the poorest developing countries such as Madagascar.

elsewhere in Africa.⁵⁹⁸ Table 16 shows that there was a noticeable decrease in the number of Chinese companies registered in the Zone Franche between 2008 and 2011. While 11 companies from Hong Kong and China closed down since 2008, only one new company was registered during the period under review. Table 17 demonstrates that textile firms consider political instability and ineffective governance more generally as hindering growth in the sector.

Table 16: The number of Chinese companies in the Zone Franche.

	2008	2009	2010	2011
Belgium	0	0	1	0
Malaysia	1	1	0	0
Holland	1	1	0	1
Canada	1	1	1	0
Tunisia	1	1	1	1
Switzerland	1	1	1	1
Sri Lanka	1	1	1	1
Indonesia	1	1	1	1
Madagascar-India	1	1	1	1
Germany	1	1	1	1
Luxembourg	3	2	1	1
Korea	3	3	1	0
USA	4	4	4	3
Italy	5	5	5	4
China	11	9	8	6
Hong Kong	12	9	9	6
Other	11	13	18	19

⁵⁹⁸ Interview with the employee in charge of the Zone Franche at the Malagasy Ministry of Commerce, August 19, 2011. Madagascar's textile sector had also initially experienced a decline when the MFAs expired in 2005. See Cling et al., *Export Processing Zones in Madagascar*.

Mauritius	32	25	28	27
Madagascar	26	25	28	27
France	47	44	40	35

Source: Madagascar (Ministry of Commerce and Industry), *Liste des Entreprises Franches Operationelles*.

Table 17: Obstacles to the growth of the export-oriented clothing industry.

Obstacle	Affirmative responses, %
Political instability	100
Inadequate policy and structural support	83
Customs regulations	56
Administrative procedures	56
Corruption	44
Credit access constraints	33
Regulatory instability	28
High logistical costs	28
High tax rates	28
AGOA ineligibility	28
Exchange rates	22
Inadequate port and airport infrastructure	22
Financial audit	11
Lack of technical training centres	11

Source: N'Diaye, *Adjusting to Chinese Ascendancy*.

Environmental and social regulations in the extractive industries

Existing government regulations are also inadequate to address the negative environmental and social issues arising from China's engagements in Madagascar's extractive industries. The decades-long mismanagement of the country's mining sector has resulted in a situation where political and economic imperatives take precedence over environmental concerns. The history of the legal framework governing Madagascar's mining sector can be divided into five periods, which roughly correspond to the country's political climate since independence: 1960 to 1972, 1975 to 1992, 1993 to 1998, 1998 to 2001, and 2002 until 2009. In 1960, 100% of mining sector activity and regulation was informal and unstructured, with little attention paid to it by the central government in Antananarivo. The period between 1975 and 1992 witnessed early developments in industrial mining and attempts to nationalise the mining sector and formulate a national mining policy that would include artisanal mining. With the introduction of the SAP in 1983, local, decentralised administrative offices for mining activities were created. However, the responsibilities of these offices remained limited to representational roles. After 1993, the mining sector was partially liberalised, which amplified illegal mining operations and augmented the prevalence of opaque mining structures and deals. In 2004, around 80% of production sites in Madagascar were illegal, 50% of miners were informal, and 90% of the trade was illegal.⁵⁹⁹

In the 1990s, Madagascar began developing more stringent environmental and social codes for foreign investors, but these are still poorly formulated and enforced. The Malagasy Environmental Charter (CEM) governs any public or private investments that may impact the environment in Madagascar. Article 10 of the CEM states that the Foreign Investment Environmental Accountability Scheme (MECIE) contains the rules and procedures related to the environment to be followed by investors. Under the MECIE, firms must undertake an Environmental Impact Assessment (EIA) and have this approved by the Ministry of the Environment before they can be issued an exploration permit by the BCMM. The National Office for the Environment (ONE) is then responsible to ensure compliance with the environmental and social regulations. Once a company lodges a government-approved EIA with the ONE, the latter works with the former to develop a *cahier de charge* (social plan) tailored to that particular

⁵⁹⁹ Rakotonomenjanahary, "De la Mine Artisanale", 1-20, p. 2.

company. These social plans usually include the clearest set of social and environmental obligations that Chinese companies must adhere to.

Chinese companies active in the extractive industries are further subject to Madagascar's Law of Big Mining Sector Investments (LGIM) and the 1999 Mining Act. Neither of these contains a direct provision related to the social obligations of foreign companies with operations in Madagascar. References to the socio-economic impacts of these companies are related to employee rights and open to interpretation. For example, Article 1033 of the LGIM recommends that mining companies prioritise the hiring of Malagasy labourers but it does not specify a percentage or obligate firms to do this. Article 104 then states that mining companies must provide theoretical and practical training for Malagasy employees. In another section, the LGIM refers to the concept of "civil responsibility", but this is in reference to the provision of assurance to hired workers.⁶⁰⁰ The Mining Act is equally as ambiguous as the LGIM and the MECIE. It imposes specific obligations on medium-sized companies and small-scale miners in terms of public usage of infrastructures, labourer-related hygiene and safety standards, accident policies, environmental impacts, and restrictions on mining in protected areas. Article 39 of the 2000 amendment to the Act merely states that mining companies ought to contribute to the wellbeing of local populations by implementing socio-economic development programs and providing compensation for when communities are displaced. It is also unclear in its suggestion that companies attempt to reduce the harmful side effects of the mining operations (such as shock, noise, dust, etc.) on the activities of the surrounding human and animal populations.⁶⁰¹

The Malagasy state uses three principal feedback mechanisms to monitor public satisfaction with a foreign company's social and environmental performance, which suffer from significant enforcement limitations. These include a consultative process, the creation of a public register where local communities can lodge official complaints, and an environmental monitoring report that assesses compliance with the EIA. Investors are required to regularly update the community on the status of its social plan and to inform them about employment opportunities, environmental preservation techniques, and best health practices including methods for preventing and combating HIV/AIDS through a consultative process. This process is a three-way dialogue between the mining firms, the communities impacted by the mining operations, and the government, and consists of a series of meetings usually held in the local

⁶⁰⁰ Madagascar, "Law Governing Big Mining Sector Investments".

⁶⁰¹ Madagascar, "Mining Act".

fokontany (the smallest-level administrative grouping in Madagascar). In April 2011, for instance, three consultative meeting were held between members of three different communities and representatives from WISCO, including its general director.⁶⁰² The consultative process persists throughout the duration of the mining operation. Chinese companies are also required to submit an environmental monitoring report to the ONE every few months.⁶⁰³

The shortcomings of the enforcement mechanisms stem from the fact that they are not tailored to Madagascar's social reality and limited by a dearth of political will. Illiterate villagers cannot read letters detailing their rights, and may not have the ability to travel to the provincial offices to lodge complaints. They are often unaware or uneducated about their rights vis-à-vis foreign companies, and are therefore unable to make useful demands at the consultative processes. As a result, communities use this opportunity to make unrealistic demands on the former two entities, which effectively leads to an impasse that is advantageous to the investors.⁶⁰⁴ The primary institution tasked with the enforcement of environmental and social regulations, the ONE, appears committed to abiding by international standards and is eager to acquire the necessary expertise to develop the institutional framework responsible for the protection of vulnerable societies and the environment where they are adversely impacted by mining activities. It however lacks the financial, technical, and administrative capacity to do this. Since repercussions from the state against environmental or social infractions by Chinese companies are largely absent, much of the initiative to comply with existing laws is at the discretion of the Chinese investors themselves.

China's approach to environmental sustainability

China has made noteworthy efforts to rise to environmental standards for overseas investments set by the international community, but these have not been sufficient to respond to the trade-offs between the country's rapid rates of industrialisation and ecological conservation overseas. Having felt some international and increasingly domestic pressure to meet global benchmarks, China began adopting Western environmental production standards in the 1990s. Since then, Beijing has attempted to raise awareness of its environmental and social impacts at home and abroad, especially within the upper levels of government. It established the China Council for International Cooperation on Environment and Development in 1992 to research global perceptions of the

⁶⁰² Interview with the employee in charge of the WISCO folder at the ONE, June 7, 2011.

⁶⁰³ Interview with an employee of the ONE, August 31, 2011.

⁶⁰⁴ Interview with CSR director at Sherritt, August 26, 2011.

environmental and social practices of Chinese companies and make recommendations to rectify negative perceptions or practices by influencing policy and regulations.⁶⁰⁵ More recently, China has sought to promote both sustainable domestic and foreign environmental policies within a “new path for environmental protection”. In March 2013, the Chinese Ministry of Commerce and the Ministry of Environmental Protection jointly issued a “Guideline on Environmental Protection in Investment and Cooperation Overseas”. The Guideline aims to further standardise environmental protection in foreign investment and cooperation. It calls on its companies to prevent or minimise environmental risks while still finishing their projects in a time frame and to the standard of quality expected by the host country. Specifically, it requests that Chinese companies “actively fulfil their social responsibility for environmental protection, establish a good external image for Chinese enterprises, and support the sustainable development of the host country”.⁶⁰⁶

The reference to a “social responsibility for environmental protection” raises the issue of Corporate Social Responsibility (CSR). CSR is an abstract notion of voluntary and partnership-based approaches to tackling social and environmental problems that occur when foreign firms invest in developing countries. The adoption of CSR has improved the responsiveness of Western corporations (especially those accountable to shareholders) to the social and environmental impacts of their operations to a certain extent, but there are doubts about the transferability or relevance of CSR in many developing countries.⁶⁰⁷ From the perspectives of local communities pursuing corporate accountability, CSR initiatives have limited results in the absence of donor, NGO, or government pressure for company reform, which is the case in both China and Madagascar. The CSR programmes of Western companies in Madagascar, including QMM, Sherritt, and Colas, have all been reproached for a variety of reasons, from not respecting indigenous land rights and the forced displacement of local communities without respecting social and family structures, to not doing enough to offset a loss in biodiversity.⁶⁰⁸

Chinese SOEs generally do not subscribe to CSR initiatives, and their understanding of social responsibility differs from that of the West. In Madagascar, Chinese companies tend to have less awareness of their impacts and fewer social responsibility programmes than their foreign counterparts. In general,

⁶⁰⁵ Edmonds, “Evolution of Environmental Policy”, 13-25, p. 18.

⁶⁰⁶ China, “Actively Explore New Path for Environmental Protection”.

⁶⁰⁷ See Newell, “Citizenship, Accountability and Community”, 541-557.

⁶⁰⁸ See Mulligan, “Greenwash or Blueprint?”, 50-57, Evers and Seagle, “Stealing the Sacred”, 97-106, and Waeber, “Biodiversity Offsetting”, 110-111.

the larger Chinese SOEs have a better reputation in terms of their environmental impacts than the smaller, private Chinese enterprises. Chinese companies are inclined to give “presents” to the communities surrounding their projects in the forms of classrooms, schools, and roads, and they sometimes distribute necessities such as rice.⁶⁰⁹ CRCC has no specific CSR provisions in its contracts with the Malagasy government or with other multilateral agencies it has worked with. Instead, the company engages in social and environmental activities out of its own volition. It has constructed classrooms, sports fields, and 120 housing units around its road rehabilitation projects. The firm does not determine who lives in which house, how surrounding communities are relocated, or how the schemes should be maintained or used. This, it argues, is the prerogative of the Malagasy authorities.⁶¹⁰ SOGECO cites its Horizon supermarket in Ivato as an example of how it is providing the Malagasy with access to affordable consumer and nutritional products, and interprets this as constituting socially aware investment practices.⁶¹¹

Chinese activities in the extractive industries

Chinese interests and activities in Madagascar’s extractive industries accelerated significantly after 2006, when a preliminary inventory of Madagascar’s natural resources was published in conjunction with the World Bank. The majority of new companies investing in Madagascar’s mining sector are currently Chinese (although Mauritian, French, and Australian companies are also exerting an increasing presence).⁶¹² Chinese actors include a multitude of artisanal miners, several small and medium-sized companies, and two large multinational companies, including WISCO and the Sino Union Petroleum and Chemical International (SUNPEC). The latter are exploring for iron-ore and oil, while the smaller companies are principally exploiting gold and ilmenite, and exploring for coal, zirconium, and quartz.⁶¹³ Map 4 shows the location and type of major Chinese mining projects in Madagascar in 2011.

⁶⁰⁹ Interviews with the economic and commercial counsellor at the Chinese embassy, August 18, 2011, and the general director of Sino-Afrique, August 30, 2011.

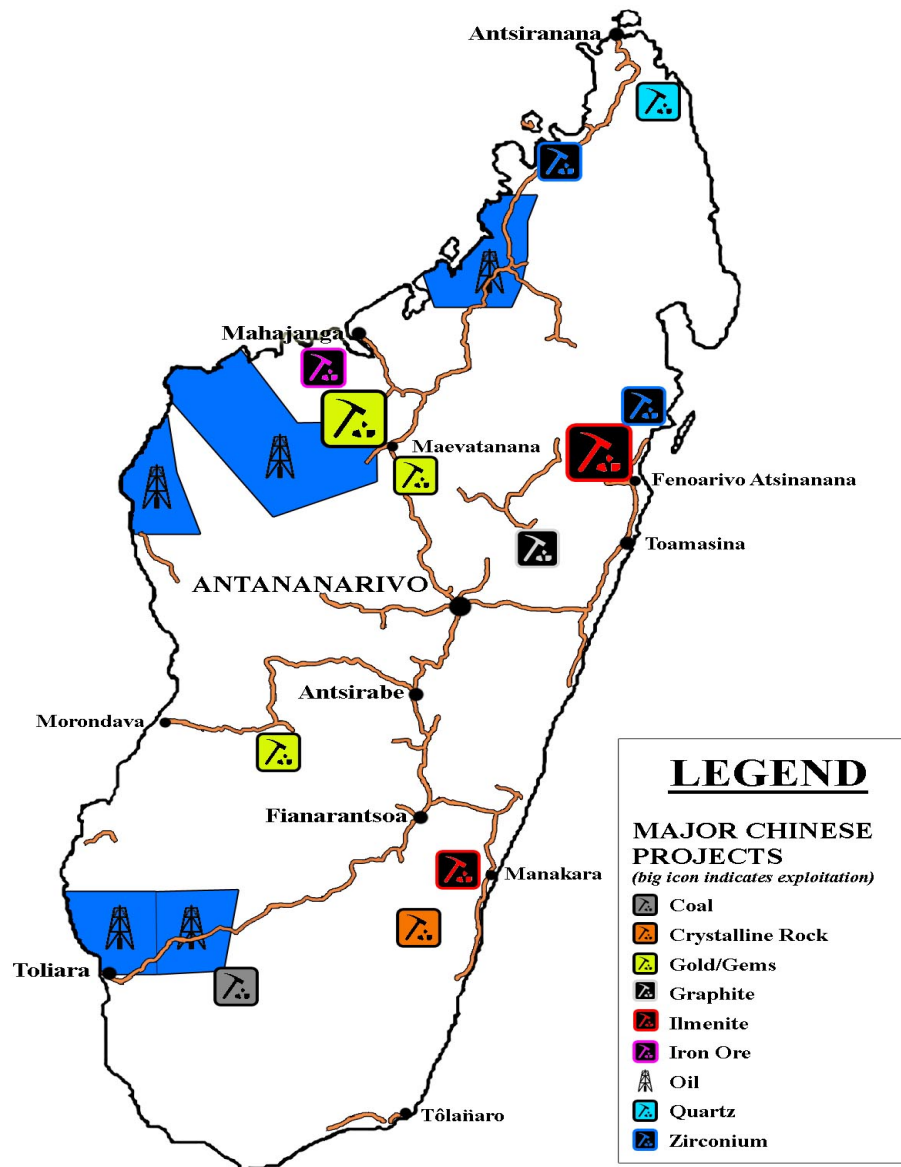
⁶¹⁰ Interviews with two managers at CRCC, August 31, 2011.

⁶¹¹ Interview with the spokesperson for SOGECO, August 19, 2011.

⁶¹² Tahiny, *Les Investissements de la Chine*.

⁶¹³ Shaanxi Yangchang Petroleum, backed by the Shaanxi provincial government, purchased 15% of SUNPEC in 2010.

Map 4: Major Chinese mining projects in Madagascar.



The lack of regulatory enforcement by the Ministry of Mines and the ONE may result in especially negative repercussions for Madagascar's environment in the cases of SUNPEC and WISCO, since both firms have operations near important areas of wildlife conservation. SUNPEC negotiated exploration permits to blocks 2101, 2104, 3112, and 3113 through its four wholly owned subsidiaries

in 2008.⁶¹⁴ Blocks 2104 and 3113 have estimated oil reserves of 3,6 and 2 billion barrels respectively, and block 2104 is believed to contain 66,24 billion cubic metres of natural gas reserves. Although the company is not yet in production, it struck oil on block 3113 in October 2009. Oil blocks 2104 and 3113 are located in areas of important conservational value that harbour native birds, plants, and other endangered animals.⁶¹⁵

The WISCO project was also first negotiated in 2008, although the group did not obtain the exploration rights to its iron-ore mine in Soalala, south of Mahajanga, until September 2009.⁶¹⁶ WISCO will begin production of iron concentrate and iron pellet between 2013 and 2017, and steel and pure iron after 2018. To service its operations, WISCO plans to build a port with a handling capacity of 11 million tonnes in Soalala with the aim of exporting 14 million tonnes of iron-ore annually. In addition, it proposes to install a 60-megawatt thermoelectric power station, which will simultaneously supply electricity to the WISCO plant, the entire Soalala district, and surrounding rural communities. WISCO is operating in an ecologically sensitive area next to an endangered turtle habitat. The construction of the port will attract further industrial developments and could facilitate the quick and direct exportation of other illegal flora, fauna, and natural resources, notwithstanding the immediate dangers to the turtles.

Some of the other mining companies are also building infrastructures to service their mines, suggesting that not all of the impacts arising from Chinese mining activities are necessarily negative. The LGIM states that 30% of the capacity of public utilities built to service a mining operation (including communication, transport, electrical, gas, water, and sanitation infrastructures) must be made available for use by the Malagasy population.⁶¹⁷ Important medium-sized Chinese companies include Pan African Mining Madagascar (PAMM), a Malagasy subsidiary of Pan African Mining Corporation, Mainland Mining (Mainland), and Sino-Afrique. PAMM has made significant investments in Madagascar's southern coal-producing region and owns permits to 15 mining projects in Madagascar, which accounts for close to 7,500 km² of diversified mineral properties and 5,000 km² of uranium properties.⁶¹⁸ It plans to construct a

⁶¹⁴ SUNPEC is represented in Madagascar by four subsidiaries: Madagascar Energy International Ltd, Madagascar Petroleum International, Madagascar North Petroleum, and Madagascar North Petroleum. It also retains the rights for petroleum transport, import, and distribution in Madagascar through its wholly owned subsidiary Madagascar Energy International Gas Station Group Limited.

⁶¹⁵ Scott, "Chinese Extraction Activities", 11-16.

⁶¹⁶ Pellerin, *Le Nouvel Essor*.

⁶¹⁷ Madagascar, "Law Governing Big Mining Sector Investments".

⁶¹⁸ See <http://www.panafrican.com/props.htm>.

port in the south of the country, a 140-km road connecting its mine site to the port, a thermal power station at Sakoa, and a pipeline from the local river to carry water to the Sakoa coal fields.⁶¹⁹ Sino-Afrique, a relatively small player and subsidiary of Chongyi Zhang Yuan Tungsten, a private Shenzhen-based company that is mainly active in China, began gold exploration in 2007. It owns the rights to a 26,5-hectare mine consisting of eight exploration sites near the town of Maevatanana, northwest of Antananarivo, and has made an initial investment of around US \$300 million. The company has offered equipment and machinery to local farmers to support agricultural development in the areas surrounding its mine sites. It also distributed stationary to schoolchildren, built classrooms, and donated money for local festivals.⁶²⁰

Nevertheless, there are significant environmental and social issues arising from the increasing presence of Chinese firms in Madagascar's extractive industries. Although Chinese companies must obtain an EIA before they commence their exploration activities in Madagascar, they do not necessarily comply with the stipulations set forth in their assessments, and some companies have repeatedly infringed against local regulations. Mainland Mining (Mainland), a subsidiary of China Geo-Engineering, has breached its EIA and other regulations several times and has been heavily criticised for these violations.⁶²¹ Mainland was the first Chinese company to invest in Madagascar's mining sector in 2006. It extracts around 1,250 tonnes of ilmenite per month at its mine north of Toamasina and possesses exploration permits for ilmenite in 22 other sites around the country. In 2009, Mainland was caught declaring that it was exporting ilmenite when it was shipping zircon, a radioactive material and mineral offshoot of ilmenite that is five times as valuable, and which it is not licensed to export. Mainland was not taking any precautions in this respect, nor had it undergone an EIA to mine this particular mineral. Ilmenite was also being separated from soil with seawater (which will make vegetation in the surrounding earth more difficult to grow) and the minerals were being stockpiled for longer than the two month period allowed. The company had also extended its mining operations all the way to the border of their perimeter, which is on the beach, increasing the potential for dangerous chemicals to leak into the ocean.⁶²² In addition to the infractions against its EIA, the company had its authorisation to use the RN5 revoked for a month and a half in October 2011 because its trucks had been overloaded beyond

⁶¹⁹ See <http://www.panafrican.com/props.htm>.

⁶²⁰ Interview with the director of Sino-Afrique, August 30, 2011.

⁶²¹ See Tahiny, *Les Investissements de la Chine*.

⁶²² Interview with an employee at Malagasy Ministry of Mines, November 23rd, 2010.

the allowed weight and were damaging the road, which services the tourist traffic towards a popular beach destination and many surrounding rural communities.⁶²³

Mainland has attempted to ameliorate its extremely negative image in Madagascar because it is operating in Madagascar with a long-term view. The situation had reached a pinnacle when the company had its environmental license, and by extension its mining permit suspended in July 2011 for three months. When the company continued to mine despite the suspension of its license, the Malagasy government halted its activities completely, demanded a financial re-evaluation of its exports, and fined it US \$150,000.⁶²⁴ In 2012, Mainland hired a new leadership team and announced a series of legal, technical, and social improvements on which it will spend US \$1,3 million. It intends to launch a socioeconomic development plan for local areas affected by its operations in Analanjirofo, Atsinanana, Vatovavy-Fitonany, Atsimo-Atsinanana and Anosy, and has announced that it will devote US \$12 million on local development projects in these regions. In total, Mainland plans to spend US \$1 billion to upgrade its mining projects and reach an annual production target of one million tonnes of ilmenite until 2026. The company has also signalled its willingness to participate in the EITI.⁶²⁵ To help settle its disputes with the Malagasy government, Mainland, a nominally private company, has enlisted the assistance of the Chinese embassy.

This points to the existence of a close government-business nexus between Chinese interests in Madagascar's natural resources and the Malagasy elite, which is further exemplified by relationship between Mr. Hui Chi Ming, SUNPEC's director, and members of the Malagasy government. Mr. Hui, a businessman from Hong-Kong, is one of the 400 richest businessmen in China and a naturalised Malagasy. He controls Chinese interests in the mining and petroleum sector in Madagascar: the mining sector through Gahood Holding International and several subsidiaries, and the petroleum sector through SUNPEC. He also created Madagascar Chromium Co., Madagascar Copper Group, Madagascar New Mineral Development and Madagascar Non Ferrous Resources as joint ventures with the Malagasy state in 2010. Through his joint ventures, Mr. Hui accesses mining and exploration permits, which are then bought back by Gahood Holding International so that in effect these permits belong solely to the Chinese

⁶²³ "Mainland Mining SARL: Sommée de payer Près de 2 Milliards Ariary", *La Gazette de la Grande Île*, October 5, 2011.

⁶²⁴ "Exploitation d'ilmenite: Suspension du Permis Environnemental de Mainland", *Midi Madagasikara*, August 3, 2011.

⁶²⁵ "Back on the Mainland", *Africa-Asia Confidential*, 2012, 5, no. 1.

company.⁶²⁶ Through SUNPEC's concessions in Madagascar, Mr. Hui is the first Chinese national to hold a 100% stake in an overseas oilfield. The extent of Mr. Hui's connections within the Malagasy government enabled SUNPEC to begin mining without having submitted an EIA. The petroleum company had hired an independent Malagasy consultant to conduct its EIA and instructed her to complete it in the shortest time possible in order to accelerate the project's start date. Normally, mining firms receive their exploration permits 60 days after submitting their EIAs to the ONE. After the consultant informed the company of the 60-day stipulation, Mr. Hui appealed directly to the Ministry of Mines and SUNPEC received its permit without submitting an EIA at all.⁶²⁷

In addition to his interests in the extractive industries, Mr. Hui has acquired a range of other business ventures by cultivating relationships with members of the Malagasy political and business elite. Mr. Hui is the controlling shareholder in Madagascar's second largest bank, the Industrial and Commercial Bank of Madagascar (BICM), which he bought in 2003 when it was known as the China-Madagascar International Bank. This bank serves as the port of entry for Chinese companies preparing to invest in big projects in the country, notably in the domains of agriculture and construction. It also consults smaller Chinese companies in the import-export sector and facilitates their entry into Madagascar by providing them access to small loans.⁶²⁸ Ravalomanana had appointed Mr. Hui as the honorary consul of Madagascar in Hong Kong and as the special envoy for Sino-Malagasy relations at the Malagasy embassy in Beijing. Shortly after the coup d'état in 2009, Mr. Hui was introduced to Rajoelina through a mutual friend. He then hired Rajoelina's father, Yves-Roger Rajeolima, as a special counsellor for SUNPEC's relations with the Malagasy government. He manages his affairs in Madagascar through William Chan Kong, who is Mr. George's nephew (the president of the Chinese congregation in Antananarivo), and is thus well connected to the old Chinese community in Antananarivo, and to the China-Madagascar Friendship Association.⁶²⁹ SUNPEC is also member of the ASEM, suggesting that Mr. Hui retains connections with the Chinese state. Mr. Hui thus exerts substantial economic influence in Madagascar through his mining activities, the financing mechanisms of the BICM, and his personal relationships with a variety of key actors, including members of the Sino-Malagasy community, new Chinese entrepreneurs, the Chinese embassy, and influential stakeholders within the Malagasy elite.

⁶²⁶ Tahiny, *Les Investissements de la Chine*.

⁶²⁷ Interview with the consultant hired by SUNPEC to conduct its EIA, August 23, 2011.

⁶²⁸ "Hui Chi Ming", *Indian Ocean Newsletter*, November 18, 2006, volume 1202.

⁶²⁹ "Neil Bush à Iavoloha: Accompagné par Hui Chi Ming", *La Gazette de la Grande Île*, August 3, 2011.

An increasingly dubious Sino-Malagasy relationship under the HAT

The mining sector in Madagascar has traditionally been subject to political machinations, but the short-term and anti-developmental mentality of the HAT resulted in its increasing politicisation. The ministers and government officials in charge of issues relating to the oil sector change frequently, suggesting that there is significant competition to hold one of these lucrative posts, which also compounds the level of political risk for investors. Major stakeholders in the industry include the National Office of Mines and Strategic Industries (OMNIS), the Minister of Mines, the Minister of Hydrocarbon, and the president.⁶³⁰ Technically, the director of OMNIS exercises control over exploration and exploitation permits issued by the BCM, and thus the rent-seeking element on the government side. As a result, OMNIS suffers from heavy pressure by politicians and stakeholders vying for more control over the oil sector and future oil rents. Since 2009, power has been diverted away from OMNIS towards the Office of the President and the Ministry of Mines. The titles of Minister of Mines and Hydrocarbon had been held consecutively by two different people prior to being split into separate portfolios, with one minister heading mines and the other dealing exclusively with oil, and the director of OMNIS has also been replaced with someone close to the HAT.

The lack of stability and transparency within the mining sector resulted in Madagascar's suspension from the EITI and two of its biggest oil investors terminating their operations. Having been accepted as an EITI candidate country in 2008, Madagascar was excluded from the initiative in 2011 because the governance structure of the mining sector was not deemed suitable for effective EITI implementation. The suspension was intended for the duration of the political crisis. The HAT submitted a request to lift it in late 2012, which was denied. Additionally, foreign investment in this sector suffers from concerns over the ultimate legal standing of contracts and concessions negotiated by the current government, from the revision of contracts signed by the previous government and ministers, and from fears that the HAT plans to appropriate the sector for itself. In 2010, the HAT had begun to re-assess contracts with foreign owned mining companies in Madagascar and began auditing them to evaluate their compliance with their commitments. Since 2009, the majority of new investors in the mining sector have a direct connection with individual members of the

⁶³⁰ OMNIS, created as a state-owned agency in 1976 and re-structured in 1993, represents the Malagasy state in the management, development, and promotion of Madagascar's petroleum and mineral resources. It deals with upstream petroleum and acts as the partner of petroleum countries wishing to invest in Madagascar.

HAT.⁶³¹ The increasing costs and political risks associated with investing in Madagascar's oil sector resulted in Total and ExxonMobil, the biggest investors in the country's oil industry in 2009, discontinuing their operations in Madagascar.⁶³² Some Chinese companies have also expressed regret at the situation. Ravalomanana's attempt to "clean up" the mining sector and the political stability offered by his regime was a primary reason Sino-Afrique decided to invest in Madagascar. The current instabilities have made the operating environment significantly more difficult, with the firm contemplating moving to another country.⁶³³

Yet despite these difficulties, significant amounts of FDI continue to flow in the mining sector, and many other Chinese companies are consolidating their presence. The HAT is thought to seek the nationalisation of the mining industry so it can sell properties to Asian investors in order to finance Rajoelina's election campaign.⁶³⁴ It is also believed that the establishment of profitable business deals between Malagasy politicians and Chinese companies, such as that concluded with WISCO, removes incentives for a quick resolution of the crisis and the return to multiparty democratic politics in Madagascar.⁶³⁵ Several issues surrounding the HAT's deal with WISCO have in particular fuelled allegations of corruption between Chinese investors and the current Malagasy administration. The exact terms of the agreement are unclear, as is the amount disbursed and the location of the funds. The HAT claims it received US \$100 million, but WISCO maintains that it paid the HAT US \$140 million.⁶³⁶ The World Bank has unsuccessfully pressed the Malagasy government to let it see the contract.⁶³⁷ The bonus paid by WISCO to the HAT is widely viewed as providing the regime with a financial cushion to resolve the political stalemate and follow SADC's Roadmap.⁶³⁸

The WISCO project has a number of controversial features to begin with. Kam Hing International Holdings, a Hong Kong-based garment company with operations in both China and Madagascar, had announced in 2011 that it planned to sell 75% of Kam Hing International Limited, which holds 20% of the Soalala mine, for US \$30 million. Under the deal, Kam Hing will receive an additional

⁶³¹ Interview with a Malagasy mining consultancy, November 11, 2010.

⁶³² Interview with a US diplomat at the American embassy in Antananarivo, August 23, 2011.

⁶³³ Interview with the director of Sino-Afrique, August 30, 2011.

⁶³⁴ "Election Funds? Try Hong Kong", *Africa-Asia Confidential*, 2011, 4, no. 4.

⁶³⁵ Interview with a US diplomat at the US embassy in Madagascar, August 23, 2011.

⁶³⁶ "Miner's Missing Millions", *Africa-Asia Confidential*, 2012, 5, no. 9. I attempted to contact WISCO in Madagascar, but a request for an interview was not granted.

⁶³⁷ Interview with the World Bank Madagascar country director, September 16, 2010.

⁶³⁸ Interview with the deputy chief of mission at the South African embassy in Madagascar, August 17, 2011.

sum of up to US \$70 million if the mine yields more than 200 million tonnes of ore. The identity of the new owner of the 75% stake has not yet been disclosed, but it is rumoured to be a Chinese SOE waiting for China's National Development and Reform Commission to approve the deal. WISCO has also not yet obtained its exploitation permit from the Malagasy government, although it has lodged the required paperwork.⁶³⁹ The HAT's inability to expedite WISCO's mining permit is directly slowing the collection of revenues for the state and undermining progress to streamline foreign investment procedures in the country.

The HAT's negotiations with the CIF have also been quite damaging to its reputation. CIF, a Hong-Kong listed company that has stirred much controversy due to previous scandals in Guinea, was set to invest in several major and high profile infrastructure projects in Madagascar in 2010. The proposed projects were to be financed by the funds given to the state as part of the WISCO deal, and constructed by CIF. According to the arrangement, CIF was to receive 85% of the equity and the HAT 15%.⁶⁴⁰ The day after the announcement that the HAT and CIF had created the MDC was made public, the Malagasy Ministry of Mines verbally notified Madagascar Oil that it was interested in acquiring four of its blocks and that it was sending an auditing team to assess if the company had been complying with all of its regulations. Allegedly, the HAT had hired CIF to audit the operations of Madagascar Oil in a deal that would potentially allow the government to expropriate the company's Tsimiroro block, which is currently the most viable petroleum well in Madagascar, and sell it to CIF.⁶⁴¹ This agreement appears not to have materialised, and none of the projects have been constructed.

More generally, there are numerous examples of Chinese projects that have stalled due to existing political uncertainties in the country. The planned construction of a highway from the airport to downtown, negotiated between the SMATP and the Malagasy government in 2008, has been put on hold. SMATP also made headlines when its general director sent a letter to Rajoelina in August 2011 requesting an audience and an inquiry into the alleged abuse of power and corrupt practices of his Minister of Public Works.⁶⁴² The minister had demanded a 10% fee for procuring a project worth US \$10 million to build a road on the eastern island of Saint Marie financed by the BADA.⁶⁴³ CRCC has likewise encountered problems with the Malagasy government. Until the coup of 2009, CRCC was tendering around US \$50 million worth of projects every year. This

⁶³⁹ Interview with the director of the ONE, June 6, 2011.

⁶⁴⁰ Discussion with a reporter for Bloomberg, November 17, 2010.

⁶⁴¹ "CIF, Beijing's Stalking Horse", *Asia-Africa Confidential*, 2010, 3, no. 7.

⁶⁴² Interview with a representative from SMATP, September 1, 2011.

⁶⁴³ Interview with a representative from SMATP, September 1, 2011.

has decreased significantly since 2009 due to a lack of donor and government funds for construction projects.⁶⁴⁴ In 2008, China and Madagascar signed a memorandum of understanding for Sinohydro to construct a second hydroelectric dam on the Betsiboka river, with 70% and 30% financing, respectively. However, progress on the dam has stalled due to the inability of the Malagasy regime to provide its 30% share.⁶⁴⁵ COMPLANT has also encountered difficulties operating under the new regime. Responding to the increase in international sugar prices, in early 2011 the HAT forbade the firm to go through with a large sale of sugar it had already negotiated with a local distributor because it was reviewing options to confiscate the sugar from the company itself in order to distribute it in government-subsidised groceries for the very poor in the capital.⁶⁴⁶ Further disagreements between COMPLANT and the HAT led to a review of its existing contract, which resulted in the negotiation of a new 10-year contract in September 2012 that increased the amount of rent paid to the government from 4% to 6% of total company revenue.⁶⁴⁷

The HAT has also been heavily implicated in the rosewood scandals.⁶⁴⁸ In late 2010, Global Witness and the Environmental Investigation Agency released an online video in which a Chinese businessman stated that he conducts his business directly with Rajoelina. The individual in the video owns a company based in Beijing that sells manufactured rosewood products, as well as an import company based in Guangzhou. He claimed to have exported more than 1,000 containers of rosewood from Madagascar to China since 2009. He further alleged that the Malagasy government has resorted to illegally selling him and other exporters like him rosewood because they do not have enough means to pay state employees due to donor budget cuts. This video was streamed on the World Wide Web for a few days in Madagascar before the Malagasy authorities removed it. Other central figures from the HAT have been incriminated in the trafficking as well. Madagascar's former prime minister under the HAT, Camille Vital, and a Malagasy business man with close ties to the current regime, have been named as important figures in the rosewood industry.⁶⁴⁹ In November 2012, a Malagasy environmental association claimed that it was in possession of customs documents for ten shipping containers, which show that timber was being exported by a

⁶⁴⁴ Interview with two managers of the CCRC, August 31, 2012.

⁶⁴⁵ Interview with JIRAMA, September 1, 2011.

⁶⁴⁶ Interview with the director of COMPLANT, August 19, 2011. In 2010, the HAT initiated a new scheme to provide low-cost food items to the poorest residents of Antananarivo in government-sponsored stores.

⁶⁴⁷ "Sucoma de Morondava: L'Etat Devrait Percevoir 1,2 Milliard Ar en 2012", *La Gazette de la Grande Île*, October 11, 2012.

⁶⁴⁸ See Randriamalala, "The Rosewood Chronicles".

⁶⁴⁹ "An Odd Note on Rosewood in Madagascar", *Indian Ocean Newsletter*, 2012, volume 131.

freight company belonging to Mamy Ravatomanga, a close confidant and informal advisor to President Rajoelina.⁶⁵⁰

Conclusion

There are many assumptions that by circumventing local laws and regulations the Chinese engagement in Madagascar benefits the Chinese investors and Malagasy elite more than it does the wider local population. Negative perceptions concerning the manner in which Chinese employers treat their Malagasy employees or the ways in which the Chinese engagement is impacting local industries and the environment are sometimes untrue or exaggerated, but they are not always inaccurate. Some Chinese entrepreneurs and businesses do circumscribe existing regulations, for example by purchasing false government identification documents from resident Sino-Malagasy or by disregarding local labelling laws, selling counterfeit goods, and under-declaring the value of their imports at customs. This has contributed to the crowding out of some local producers, notably in the shoes, soap, and blanket industries. The harmful impacts that Chinese prospectors and companies are exerting on Madagascar's fragile ecosystem are also real and important. Since 2009, illegal fishing, logging, and mining activities have accelerated. Often, Chinese crime syndicates and trafficking networks, which have increased their presence in Madagascar over the past few years, oversee these activities.

While some of the culpability for this can be placed on the Chinese, structural and political issues endemic to Madagascar itself largely condition the negative impacts that do arise from the growing Chinese presence in the country. The Malagasy government has to set parameters and make sure that they are being followed. The example of the textile industry demonstrates that where there is political stability and Chinese companies operate within a clearly defined regulatory environment such as the Zone Franche, they enhance employment opportunities for Malagasy, which could lead to skills and technology transfers and help Malagasy producers compete on the international market themselves. Conversely, the example of the extractive industries suggests that where environmental and social reporting are not standardised and there is limited

⁶⁵⁰ "Rosewood Scandal Hits More Chinese Companies", *Africa-Asia Confidential*, 2012, 6, no. 1. Ravatomanga and Rajoelina had already forged a partnership in 2008 when their respective businesses suffered from fiscal investigations initiated by Ravalomanana. Ravatomanga backed TGV's bid for power in March 2009 and has remained a supporter ever since.

political capacity and will to follow up on most cases of non-compliance, Chinese companies have significant freedom to choose what they report and how they behave. As stated by a diplomat at the Chinese embassy: “the bottom line is that our firms need to make a profit. If they must make more social commitments, someone needs to finance these commitments. If the Malagasy government pressed them about their social or environmental engagements, they would be more inclined to indulge”.⁶⁵¹

The capacity of the Malagasy state to manage the Chinese engagement seems to have deteriorated under the HAT. This is largely due to a need for alternative sources of funding after the curtailment of donor funding and the exit of many investors. Many Chinese companies consider the current policy environment in the country as an impediment to the smooth functioning of their business and the propagation of their negative images among the Malagasy and have expressed contempt with the current situation in Madagascar. While some do leave the country, the lack of stringent oversight from the local government means that Madagascar has attracted less reputable investors such as the CIF and WISCO, which has constituted a major reason for the negative causal links between China’s engagements in the country and the lack of progress on the political situation. Ultimately, although some Chinese companies, entrepreneurs, and traffickers take advantage of the political vacuum in the country, the primary responsibility to effect an improvement in the regulatory framework lies primarily with the Malagasy state.

⁶⁵¹ Interview with the economic and commercial counsellor at the Chinese embassy, August 18, 2011.

Chapter 7: Conclusion

Introduction

Throughout this dissertation, I have argued that China's engagements in Africa can positively impact local processes of development if they are appropriately harnessed by the host government. On a geopolitical level, China's increasing presence as a development partner for African states and societies enlarges the policy space and opportunities for African countries to determine their own development policies. China's engagements thus weaken the bargaining position of established donors who still condition their aid on democratic governance indicators. China's commercial approach on the continent grants a large amount of discretionary power in terms of how Chinese aid, trade, and investments are managed to the African state, irrespective of regime type. Moreover, China's engagement offers African societies tangible, practical tools to further economic exchanges and private sector growth. This occurs principally through China's emphasis on infrastructural growth as a lever for development and through the installation of Chinese entrepreneurial migrants and business networks in African societies.

I have explored this hypothesis through a case study of China's engagements in Madagascar, which are particularly under-researched. I discussed the social, economic, and political dynamics particular to Madagascar and showed how they have influenced the local politics of development from independence until today. I then examined Madagascar's politics of development from 2002 until 2008 more closely, and sought to demonstrate that under Ravalomanana's presidency the Malagasy government broadly displayed some of characteristics commonly associated with those of a developmental state. I then explored China's engagements in the country, including Sino-Malagasy diplomatic relations, Chinese aid, trade, and investments in the country, Chinese migration to Madagascar, local perceptions of the Chinese presence, and the role of the Malagasy state in mitigating the negative impacts that arise from it. Based on my research, I conclude that the developmental effects of China's engagements in Africa are invariably mixed and ultimately depend on how they interact with the local politics of development.

In this final chapter, I summarise my key findings and examine their implications. I discuss the self-perpetuating tendencies of negative stereotypes,

and argue that the propagation of negative perceptions about the activities of the Chinese in Madagascar obscures a balanced appreciation of China's engagements in the country. I highlight how the lack of knowledge concerning the Chinese engagement is partly due to an absence of interactions and suggest that increased dialogue and mutual understanding would help close the gap between the negative and potentially positive impacts arising from the Chinese engagements in Madagascar. Through the Malagasy case, I have also addressed two broader issues: the role of "African agency" in Sino-African development relations, and the issues that China's engagement raises for democratic governance in Africa, and I discuss each of these issues in turn. Although the suggestion that China may help further local processes of development affords external actors an important role in internal development processes, my emphasis on the Malagasy government highlights that of local agency, and I maintain that local Malagasy actors drive the Sino-Malagasy relationship to a significant degree. I also expand on my argument that China is not directly supporting a rogue state or thwarting democratic processes in Madagascar. Finally, I explain the limitations of my research subject and methodology, suggest areas for further research, and offer concluding statements.

Key findings

This dissertation was structured into seven chapters. In chapter two, I contextualised the politics of development in Madagascar. I elucidated how Madagascar's socio-economic dynamics that originated in the pre-colonial era and were reinforced through colonial policies have manifested themselves in a contemporary politics of development that is determined by the intricacies of elite bargaining. I provided an overview of Madagascar's economic, social, and political history, analysed the difficult transition to democracy in 1993, and discussed relations between state and civil society. I showed that Madagascar remains one of the poorest countries in the world despite having a low population density, access to land and sea, and significant mineral and metal endowments that are sustaining the growth of a still largely informal extractive industries. Since independence from France on June 26th, 1960, the majority of the population has remained poor while a small group of elites has prospered. Rather than being developmental, democracy seems to have strengthened the persistence of neopatrimonial political structures and the power of Madagascar's elites to undermine the political decision-making process to suit their own needs. None of Madagascar's democratic presidents have left office through a peaceful transfer of power after losing an election, all of them have subverted the democratic process

to consolidate their own power, and each of Madagascar's "democratic" leadership transitions have been accompanied by severe political and economic crises.

In general, the central issue in Malagasy politics is one of power sharing among a group of approximately 30 "big families". A Francophone - Merina elite from the central highlands around Antananarivo in turn dominates bargaining processes within this group. Limiting politics and ethnicity in Madagascar to a highlander versus coastal dichotomy however risks simplifying a complex issue. Malagasy politics is further distinguished by an urban bias, class divisions based on ancestral hierarchies, and historical animosities between the Merina and the island's 17 other ethnic groups. These issues were already endemic to Madagascar before the advent of colonialism, but French policies served to exacerbate and further politicise them. Extensive poverty and the dominance of the elite means that Malagasy civil society is unorganised and politically marginalised. Religious institutions, whose presence extends deep into the countryside, are the exception, but the power of the churches is sometimes manipulated for political purposes. The army is also a key player, but it has generally been relatively restrained during the various political crises, and seems to intervene in politics only when it is paid to do so by a political faction. Since the 1990s, the Malagasy political and economic elite has increasingly been joined by a very small and new group of industrialists who prospered in the wake of economic liberalisation, but as evidenced by the rise and fall of Ravalomanana, despite their growing influence, members of this group remain outside of the nucleus of power.

In chapter three, I emphasised the importance of local politics for development by investigating Madagascar's politics of development under Ravalomanana between 2002 and 2008 and the unravelling of his government more closely. Within the framework of the African developmental state literature, I explored to what extent the Malagasy government under the leadership of Ravalomanana could be considered developmental. I showed that when adapted to the modern African context, a flexible interpretation of the developmental state concept is relevant to help explore the tensions between state, society, and development in Africa. I then demonstrated that Ravalomanana's government broadly displayed characteristics commonly associated with a developmental state, such as a vision for long-term growth, the articulation of a development plan, an emphasis on infrastructural growth, education, and the attraction of foreign investment, a mechanisms to centralise rents, and the attainment of economic growth. Ravalomanana's desire to create a Malagasy developmental state was implicit in his assertions that he sought to emulate the type of state-led industrialisation witnessed during his trips to China. He had a long-term vision for

economic growth that centred on the expansion of infrastructure, investments in education, the attraction of foreign donors and private sector investors, and mining sector reform, which are fundamental elements of the developmental state paradigm. He centralised rents in his company, and created the EDBM, a one-stop-shop for foreign investors. I demonstrated that after 2006, his policies had started to exert positive impacts on GDP and GNI, as well as on less traditional measures of wellbeing such as life expectancy.

However, while Ravalomanana's government strove to be developmental, the Malagasy state as a whole was not because there was no unified elite backing his agenda for development, and because Ravalomanana excessively appropriated public goods for himself behind the veneer of national development. A common joke in Madagascar is that Ravalomanana entered politics in order to remove some of the red tape impeding the growth of his private businesses, which is what he proceeded to do when he first became mayor of Antananarivo in 1999 and then president of Madagascar in 2002. Born into a family of modest means on the outskirts of Antananarivo, Ravalomanana made his own fortune selling dairy products around the country through the Tiko Group, which became the largest indigenous company in Madagascar. The accumulation of wealth catapulted him onto the political stage, firstly by providing financial support to candidates, and then by giving him an incentive to run for mayor of the capital himself. However, instead of embedding the state within an industrial society and maintaining the clear distinction between the state and the market needed for economic growth, Ravalomanana's personal businesses became the country's industrial society. He created new companies, incorporated them under Tiko, and disproportionately awarded them government contracts to implement his development projects. In time, his business interests had begun to monopolise many of the country's key industries. By maintaining a tight grip on economic process in the country, Ravalomanana was able to rapidly and effectively implement his industrial growth policies, but this excessively centralised rents in Ravalomanana's personal assets instead of in a state-run company or institution. This alienated influential factions of the Malagasy elite, many of whom had already disliked Ravalomanana to begin with.

Most likely, Ravalomanana was ousted from power by a group of Merina elites who operated with the tacit support of the French and prominent members of the Indo-Pakistani community, who saw their economic rents threatened by his policies. Although he was a Merina himself, Ravalomanana was not a member of one of the big families, and he was widely considered an anomaly in Malagasy politics. His power and legitimacy was based more on a popular acceptance rather than on a consensus among the traditional elite. Following increasing

apprehension over the confluence between Ravalomanana's personal interests and those of the state, as well as several public scandals involving the purchase of a new presidential jet and a controversial land-lease agreement with a Korean firm, Ravalomanana's political and economic opponents were able to mobilise the masses against him. The underlying social and political dynamics that have repeatedly undermined development processes thus also thwarted the long-term viability of the economic growth that commenced under Ravalomanana's regime.

In chapter four, I turned to China's engagements in the country and examined Sino-Malagasy relations at the state level. I sought to demonstrate the historical and diplomatic pertinence of the relationship, and the more recent turn towards Chinese aid, trade, and investments and its strategy of promoting economic development based on infrastructural growth. China has had longstanding development aid projects in Madagascar since diplomatic ties were first established in 1972. A Sino-Malagasy construction company built the highway connecting Antananarivo with Toamasina in the 1980s, which still today symbolises Sino-Malagasy friendship, and a Chinese SOE constructed the sports stadium in Antananarivo in 1997. I also explored China's engagement in Madagascar under Ravalomanana since 2002 in more detail and discussed the major projects initiated by China between 2002 and 2008. Large-scale projects include the construction of the ICC, a five-star hotel, a compound of luxury villas, the rehabilitation of the highway between the international airport in Ivato and downtown Antananarivo, and the upgrade of Madagascar's largest hydroelectric dam. I also considered China's diplomatic relations with the HAT and showed that while China has sought to placate the international community by not formally recognising Madagascar's transitional government, diplomatic relations have continued, and following a small respite, aid, trade, and investment relations have in some cases grown.

I then discussed Chinese development aid to Madagascar and provided an overview of Chinese development projects in the country. Since 1990, China has disbursed over US \$102 billion in non-military development aid to Madagascar, mostly in the form of grants to support infrastructure, education, rural development, and health projects. Madagascar is also one of 20 African countries with a Chinese hybrid rice centre. I examined this venture more closely because it represents both the opportunities and caveats within Sino-Malagasy development relations. Next, I examined trade and investment data and showed that there is a complementarity between China's quest for natural resources and Madagascar's infrastructure needs. China's role as a provider of infrastructure in Madagascar, as elsewhere in Africa, is controversial. Chinese development finance is often conditional on the hiring of Chinese contractors to implement the projects, and

critics postulate that the loans essentially benefit the Chinese companies and the Chinese government more than the local populations. This is partly due to the alleged low quality and unsustainability of Chinese-built construction projects. However, as I discussed the operations of Chinese SOEs in Madagascar, I showed that Western and other development agencies regularly finance Chinese-built construction projects. This suggests that criticisms against China's role as a new development partner in Africa are more superficial than they initially appear.

In chapter five, I moved from state-to-state relations to the private sector by discussing the growth of the two Chinese migrant communities in Madagascar and the concomitant transfer of Chinese business networks to Malagasy entrepreneurs. I maintained that the high number of new Chinese entrepreneurial settlers in Madagascar and the resulting growth of interactions between Chinese capitalists and local actors benefit local employment and entrepreneurship. I opened this chapter by discussing how Chinese business networks become implanted in Africa and the manners in which they could theoretically facilitate access to new supply chains and knowledge for African entrepreneurs. I then examined the growth of the old and new Chinese communities in Madagascar. I maintained that the existence of the old Chinese community on the island is an important reason for the high rates of new Chinese migration. China and Madagascar have a history of migration that dates from the mid-1800s and the importation of Chinese labourers by French colonial authorities in the late-1800s. The growth of the old Chinese community in Madagascar accelerated significantly around the turn of the 20th century, peaked just prior to World War Two when Japan invaded Manchuria, and then dropped significantly in the post-war years due to French-imposed immigration restrictions. Next, I discussed the growth of the new Chinese migrants since the mid-1990s and showed how kinship and business networks helped determine their choice of host country and economic activities. I estimated that as of 2011, approximately 70,000 - 100,000 individuals with Chinese passports were residing in Madagascar. Most of the migrants settle temporarily as small-scale traders in Antananarivo, although there are by now a number of older and more economically successful new Chinese in the country who put down roots and may end up remaining longer than originally anticipated. The new Chinese arrive in Madagascar predominantly through kinship or business ties. Once in Madagascar, these links are expanded and intensified among the new Chinese business community, and gradually extended into Malagasy society.

Finally, I explored how Chinese migrant networks are impacting local entrepreneurs. I discussed several examples of Malagasy entrepreneurs who have found ways to exploit the presence of new Chinese business networks and supply chains in the country. Some Malagasy lease real estate to Chinese merchants,

while others purchase goods imported by the Chinese entrepreneurs and sell them from stalls on the streets of Antananarivo themselves. I highlighted the case of the Malagasy paper company, PAPMAD, which took advantage of the new supply chains with Chinese companies being formed in Madagascar to procure new printing machines from China. Access to these machines allowed the company to produce its wares more cheaply and thereby compete with the influx of Chinese goods on the Malagasy market. I also demonstrated that China's engagements in Madagascar are leading to increased bi-directional flows. Malagasy entrepreneurs are increasingly flying to China to attend trade fairs, buy Chinese goods directly, or showcase their products on the Chinese market. Often, this type of activity is supported by the Chinese government, which subsidises Malagasy to attend trade shows and technical training workshops in China. In response to the increased presence of Malagasy in China, a few Malagasy have launched freight forwarding and translation businesses in Guangzhou. The increasing presence and dynamism of Chinese human and financial capital in Madagascar thus represents important economic opportunities for Malagasy entrepreneurs through the creation of new business links.

In chapter six, I argued that the manner in which these engagements will influence economic processes in the country depend to a significant degree on state presence, withdrawal, and policy. Despite the positive impacts that arise from China's presence in Madagascar, the new Chinese migrants, and China's engagement more generally, continue to be vilified by the majority of Malagasy. I first explored how local perceptions are shaped by Sino-Malagasy interactions in the marketplace and then analysed the validity of these perceptions. The low quality of Chinese products and several incidents involving disputes between Chinese employers and their Malagasy employees have resulted in widespread discontent with the new Chinese community, and in one case, a public riot in Antananarivo's Chinatown. I found that Chinese traders and companies do have a tendency to circumvent local customs, laws, and regulations. I discussed how COMPLANT had disregarded local traditions when it set up its sugar factory in Sakalava territory and angered the local population. In another example involving the sugar company, I explained how a misunderstanding between a production manager and his Malagasy employees had caused a national scandal that culminated in the former's deportation. I also investigated the false custom declarations concerning the value of Chinese imports and demonstrated that an abundance of low-cost Chinese blankets have helped obliterate the local blanket industry. Finally, I showed that Chinese mafia groups have become increasingly entrenched in Madagascar and that local authorities as well as prominent members of the HAT have been implicated in helping to sustain the trafficking networks. This is especially damaging to the reputation of the new Chinese

engagements in the country, not to mention Madagascar's sustainable development prospects themselves.

I then discussed the role of the Malagasy government in managing the Chinese engagement. I utilised the examples of the textile industry and the environmental sector to demonstrate the importance of government policy. Madagascar's government has done little to protect Malagasy producers from unfair or excessive competition from cheaper Chinese imports. Although Malagasy civil society is weak, several consumer and business organisations have been formed in response to this and have raised the issue with the Malagasy Ministry of Commerce. Up until now, there have been no tangible changes at the policy level that would protect or even help established Malagasy producers find ways to compete. I also showed that Madagascar's textile sector had been a very successful industry when there was political stability in the country, which ended when Madagascar lost its preferential trade agreement with the US after AGOA was terminated in 2009. Chinese textile firms had made significant investments in the free trade zone known as the Zone Franche, contributing to employment and manufacturing growth, but the political events that led to the stagnation of the textile sector caused most of the Chinese firms to leave Madagascar and seek opportunities elsewhere.

Regulating China's environmental and social impacts in the extractive industries in Madagascar is also problematic. Madagascar's regulatory framework for mining companies was improved in the late 1990s and under Ravalomanana's regime, but existing policies remain inadequate, and their enforcement is often subject to political will and sometimes determined by political intricacies. China has also made some efforts to meet international environmental standards for its overseas investments, but given the frail regulatory framework inside Madagascar, the discretion to manage their impacts on surrounding communities rests largely with the mining companies themselves. I then examined Chinese interests and activities in Madagascar's extractive industries. I showed that Chinese companies are currently the largest group of new investors in this sector. Although WISCO and SUNPEC are the most well known, there are a myriad of medium-sized and smaller companies exploring for mainly gold, ilmenite, quartz, zirconium, coal, and gemstones in Madagascar. Many of them do not respect the terms of their contracts and utilise their personal connections to the Chinese state to negotiate with the Malagasy government. I also show that the politicisation of the mining sector has become more acute since the HAT has assumed power and discussed the controversies surrounding the WISCO and CIF deals in more detail.

Stereotyping versus learning about “the Chinese”

When members of a dominant group such as the Malagasy can point to the actual negative behaviours of individuals within a minority group, they can be used as evidence for the validity of certain characteristics, which often become accepted stereotypes. Often, negative stereotypes risk becoming self-fulfilling prophecies as an erroneous trait attributed to a particular group becomes accepted as common knowledge.⁶⁵² This appears to be the case in Madagascar, where the unscrupulous behaviour by some members of the new Chinese community is often extended to all of the new Chinese businesses and one undesirable aspect of their presence is utilised to explain the Sino-Malagasy relationship as a whole. The allegation that China used Chinese prison labourers to construct the ICC is an example of this occurring. The international press tends to concentrate on the negative aspects of China's activities in Madagascar, and local reports highlight disputes between Malagasy employees and their Chinese employers, the illegal activities of Chinese entrepreneurs, or their lack of respect for the country's traditions and environment. The pervasiveness of negative stereotypes and perceptions concerning the impacts of China's engagement obscures an appreciation of those components of China's engagement that are less immediately visible to the average Malagasy, but are nonetheless influencing development processes in important ways. Accepting China's negative development impacts in the country as an established fact also burdens the distribution of knowledge concerning those aspects of China's engagements in the country that do exhibit the potential to have positive impacts on processes of development in Madagascar. While stories circulate about the exploitative nature of the Chinese engagement among local residents, comparatively little effort is made to understand how and why Chinese actions are impacting processes of development in Madagascar.

Underlying the negative perceptions of China's engagement in Madagascar is a fundamental lack of knowledge concerning the new Chinese on the part of the Malagasy and vice versa. The new Chinese remain something of an enigma to the Malagasy. An employer-employee or a vendor-customer dichotomy structures local level Sino-Malagasy relations, and the average Malagasy conceives of “the Chinese” in terms of how their presence impacts their daily lives. Those who have strong views on the long-term impacts of the Chinese

⁶⁵² Fleming and Jussim, “Self-fulfilling Prophecies”, 161-192.

engagement, who are generally found within the elite families and the government, appear to be somewhat in awe of China's rapid industrialisation. As noted by Jones et al., "China is increasingly exerting an ambiguous ideological impact on the political-economic imaginations of African elites. Chinese political and commercial actors are increasingly assertive in advertising China's domestic achievements and suggesting to Africans that they too can transform their economies if they follow their model, the specifics of which are often left vague".⁶⁵³ This analysis is correct for the Malagasy case, where the elites do not seem to be very erudite about the specifics of China's economic growth model or the organisational structures and mechanisms of the Chinese state. Inside Madagascar, the Chinese engagement is narrowly conceptualised in terms of its impacts, but the political drivers of the engagement outside of Madagascar are not properly understood. This is partly based on contempt for a disproportionately profit and results- focussed business culture among the Chinese investors that juxtaposes the Malagasy veneration for the Chinese, and partly because issues of governance and politics of development are not widely debated in Madagascar.

Conversely, Chinese investors were found to display a limited understanding of Malagasy culture, which is because they view their stay in Madagascar as a short-term business venture. While many of the small-scale traders have learned Malagasy to communicate with their customers and xenophobia against the Malagasy appears to be relatively low, the Chinese in general have made little effort to learn about Malagasy politics, society, business culture, or local customs in their regions of investment. Establishing trusting and effective working relationships with rural Malagasy or with Malagasy from different ethnic backgrounds depends to some extent on an adequate knowledge of local customs. The example involving COMPLANT's neglect of Sakalava customs exemplify the cultural divide and differences in business ethics between Malagasy society and the new Chinese community in Madagascar. The incident between the Chinese shop owner and his Malagasy employee in Behoririka, which degenerated into a public riot, demonstrated the fragile nature of the Sino-Malagasy relationship among the local population. To promote an understanding of local customs, it was suggested that Chinese investors teach their foreign employees and contractors being sent to Madagascar about the customs of the communities located in the zones of investment.⁶⁵⁴

The diplomatic and donor community in Madagascar is only gradually beginning to view the new presence of China in the country as having serious

⁶⁵³ Jones et al., *Illiberal Statebuilders*, p. 20.

⁶⁵⁴ Interview with the employee in charge of the WISCO folder at the ONE, June 7, 2011.

implications for local development prospects. South Africa, the US, and France largely continue to conceive of the growing Chinese presence in Madagascar as a strategic issue relative to their own interests on the island, and as detrimental to their efforts to promote an end to the crisis. However, as I have discussed, multilateral development organisations, including the ADB, BADA, and the World Bank often award tenders for construction contracts to Chinese SOEs. In addition, the goal of the study commissioned by the UNDP and UNICEF in Madagascar to explore the presence of Chinese investors in Madagascar in 2011, described in the introduction, was to learn more about Chinese social and environmental policies in Madagascar in order to initiate dialogue with Chinese companies on the topic of CSR. This project has not materialised, but the fact that it was launched is a positive development in the right direction. Slowly, the international development organisations in Madagascar are accepting that China's presence in Madagascar is long-term and that an understanding of China's motivations and conceptions of development aid furthers mutual interests.

Promoting knowledge about the Chinese engagement

Increasing levels of knowledge between the new Chinese actors and Malagasy society can occur at all strata of society through a number of channels, but principally through increased dialogue and interaction. Public debate on the impacts of Chinese investments on the local economy, and the role of the Malagasy government in managing the new Chinese engagement, in the form of workshops, seminars at the University in Antananarivo, the Confucius Institute, or at the Chinese congregations, would open up avenues for increased mutual understanding. The WWF representative in Madagascar had recounted a story about his first-hand experience debating the values of environmental protection with Chinese investors. When he met several Chinese companies at a conference on the environmental impacts of foreign investments in Africa, they were reluctant to talk with him simply because they could not comprehend the very essence of the WWF's mission. After several hours of discussions and the exchanging of viewpoints, however, relations thawed and the two parties enjoyed a constructive debate on the merits of environmental protection.⁶⁵⁵ Similarly, both Sino-Afrique and SOGECO were not aware that Madagascar was a signatory to the EITI. Several Chinese SOEs also acknowledged that their business practices follow different values than those of other investors and demonstrated an interest

⁶⁵⁵ Interview with the WWF representative in Madagascar, September 16, 2011.

in learning about Western social and environmental standards in an effort to enhance the reputation of their business practices in Madagascar.

The Chinese government also appears to be interested in ameliorating the largely negative image that its companies and entrepreneurs have acquired in Madagascar, and in Africa more generally. This is implicit in the fact that it publicly apologised for the behaviour of the Chinese vendor whose behaviour resulted in a riot in Behoririka. The former Chinese ambassador also approached Madagascar's most important business association, the GEM, to initiate a working relationship in early 2010, and in 2008 and 2012, the Chinese embassy organised fairs at the Sports Stadium in downtown Antananarivo to showcase Chinese products and dispel the myth that they are all of bad quality.⁶⁵⁶ I have also shown that many Chinese stakeholders in Madagascar are amenable to complying with local rules and regulations where these are clearly communicated. Enhanced debate concerning China's impacts in individual countries would ensure that when Beijing apologises for the actions of some of its countrymen abroad, these translate into tangible changes at the street level.

Another principal means for knowledge transfers to occur is through the formation of joint Sino-Malagasy business ventures. As I have discussed, Mauritian entrepreneurs were able to move into manufacturing themselves after they acquired new skills from joint ventures with Chinese firms in the country's EPZ. In Madagascar, most of the joint ventures between local and Chinese enterprises occur in the formal mining sector. Chinese investors often form joint ventures, partnerships, or financial agreements with Malagasy-registered companies who hold the actual mining permits, but this relationship serves to legitimise the Chinese company rather than promote Sino-Malagasy interaction or knowledge transfers.⁶⁵⁷ Despite the fact that the mining sector accounts for the largest number of Sino-Malagasy joint ventures, interactions among the Chinese and wider Malagasy population in this sector are further limited due to the rural setting of many of the mining and petroleum projects, and the fact that almost all of them are still in phases of exploration that requires the companies to import skilled technicians. The formation of joint ventures between traditional investors with a longer history of CSR and emerging investors such as China would also be effective in promoting a transfer of both operational and CSR skills between Madagascar's development partners.

The theme of interactions also extends to the Chinese SOEs and the Malagasy state. In chapter five, I showed that the benefits of Chinese

⁶⁵⁶ Interview with the director of the GEM, November 16, 2010.

⁶⁵⁷ Interview with the deputy director of the Malagasy mining registry, October 22, 2010.

infrastructure and development projects for Madagascar as a whole are enhanced when these projects involve adequate oversight from the Malagasy government or from other development agencies. There is currently no requirement for foreign investors in Madagascar to employ a certain percentage of local labour in their operations, there is no adequate monitoring of their social and environmental spill-overs, and they are not held accountable to safety or quality standards. The illustration of how the ADB intervened on behalf of a small Chinese construction company after the Malagasy government had turned down an offer to construct a road indicated that, with sufficient oversight and control mechanisms in place, Chinese companies perform at the same level of quality as Western companies, but often at a cheaper rate. Once the ADB had offered to oversee the Chinese project and ensure that its standards were being implemented, the Malagasy government relented, and the project was completed in due course to everybody's satisfaction.⁶⁵⁸ This implies that the Malagasy state should promote partnerships between Chinese SOEs and Western development agencies and encourage knowledge, skills, and technology transfers by stipulating and enforcing that Chinese companies employ a certain amount of local labour, and regulate the types of training and local skills transfers that are expected from Chinese investors. China's emphasis on health infrastructure, for example, should be welcomed, but Madagascar must ensure that its own labour force can sustain the operations once the Chinese technicians have returned to China.

The role of agency in Sino-Malagasy development relations

The issue of agency, which is defined as the capacity of local actors to make their own development choices, is a central theme throughout this dissertation and in China-Africa development relations, but it is not often explicitly discussed in the literature. Since China's engagements in Africa are frequently conceived as exploitative, the ability of local actors to influence the Sino-African relationships is routinely underestimated. Due to the novelty of the "China in Africa" field, relatively little policy-oriented research has emerged on what Africans themselves can do to enhance their relationships with China. This is gradually changing. As argued by Large, the potential "agency" of African government to manage their relations with China at optimal levels for development is a theme of continuing relevance.⁶⁵⁹ The concept of African agency covers all of the Malagasy who are impacted by China's engagement and

⁶⁵⁸ Interview with the ADB representative in Madagascar, September 29, 2010.

⁶⁵⁹ Large, "Beyond Dragon in the Bush", 45-61.

who utilise their contact with the new Chinese actors in their countries to bolster their political or economic capital. The Malagasy actors are wide-ranging, but they are usefully divided between the private sector and the state.

I showed that while some elements of the Malagasy private sector have found ways to exploit new employment opportunities, supply chains, and grow Sino-Malagasy business links, others have not been able to compete with the new Chinese entrepreneurs. In chapter six, I revealed how PAPMAD, the largest Indian Ocean paper company established in Madagascar in 1963, harnessed the increasing Sino-Malagasy commercial network to challenge Chinese competition on the Malagasy market for toilet paper. Faced with a loss of market share due to the influx of similar and cheaper products imported from China, PAPMAD used the Chinese presence to adapt its business strategy. The company began to produce recycled toilet paper with new machines purchased from a Chinese company based in Beijing, and was able to offer its product at a price below that of the Chinese competitors. PAPMAD ensured that Chinese technicians train its staff in the usage of the machines. The company hired a Malagasy girl educated in Mandarin at the Confucius Institute in Antananarivo to translate the training sessions with the three technicians who flew in from Beijing to assist with the set-up of the machines. However, while the example of PAPMAD exemplifies both the success of China's approach in Madagascar and the positive developmental impacts that can arise from the increasing Chinese presence in the country, this has not been the case for all of Madagascar's industrial heavyweights. Other companies, such as SOMACOU, one of Madagascar's premier textile and blanket companies, have suffered a tremendous market share loss as a direct result of cheaper Chinese imports. Yet the examples of PAPMAD suggests that SOMACOU will have to invigorate its business model to compete with the Chinese products as well, or that in time, another Malagasy company that does have the ability to compete with the Chinese imports might take its place. They also imply that domestic producers ought to be the focus of national agricultural and industrial policy, and the private sector needs to be given the tools to engage in value-added activities, entrepreneurial innovation, and business partnerships with Chinese firms. Companies such as SOMACOU that cannot meet the challenge of Chinese competition should perhaps be left to fail. The government ought to instead support promising local firms such as PAPMAD who have exhibited the potential to turn the threat of cheaper Chinese imports into an opportunity for innovative business practices.

In this dissertation, I have also sought to provide an account of how the Malagasy state exercises agency in its relations with China. I have argued that while Ravalomanana's regime was able to effectively align China's engagement

and foreign and state incentives with strong development performance, the absence of strong political institutions since 2009 have led to a situation where Chinese entrepreneurs and the Chinese government are exploiting the country and harming the local population. Thus, as Sautman and Yan maintain, the differences among countries in attitudes towards China are primarily a function of the extent to which national politicians have elected to raise the “Chinese problem”.⁶⁶⁰ Although I have concentrated on the state from a theoretical standpoint, I have also emphasised the importance of the Malagasy private sector in harnessing the new economic opportunities presented to them by the influx of Chinese traders. The development impacts of China’s investments and projects in Madagascar are thus contingent on the ability of the central governments to deliver changes at both the state and grass-roots level, and to co-ordinate economic activities between small-scale traders and supply chains, especially in the conditions of poor market access prevalent in Madagascar.

A key reason why Ravalomanana did not formulate a China-specific strategy and fully exploit China’s engagement to Madagascar’s advantage is the related issue of relative political and economic power. The economic imbalance between China and Madagascar is mirrored by a political imbalance that inhibits the extent to which the Malagasy government can exercise agency in its relation with China. Although China’s approach to its relations with African countries is based on the notion of a developing country partnership, China is at a very different stage of economic development than Madagascar. For the time being, China is in a position of power, and it will be difficult for Madagascar to assert itself when, or if, it wishes to do so. Tellingly, upon being asked why Madagascar has not devised a specific strategy for its relations China, the director of the Asia-Pacific section at the Ministry of Foreign Affairs responded that it was a delicate matter and that such a strategy would have to evolve over time.⁶⁶¹

The political situation in Madagascar renders this even more difficult. For reasons discussed throughout this dissertation, the HAT has a short-term economic outlook and seems intent on exploiting China’s engagement to further the interests of its members instead of the Malagasy population. There is a serious absence of adequate state capacity and will in the enforcement of laws, regulations, or safety standards regarding Chinese investments and economic activity in Madagascar: “...the biggest problem is simply in the applications of the laws here in Madagascar. With the crisis, this has become even worse and

⁶⁶⁰ Sautman and Yan, “African Perspectives”, 728-759, p. 728.

⁶⁶¹ Interview with the director of the Asia-Pacific section at Malagasy Ministry of Foreign Affairs, October 20, 2010.

laws are simply not being implemented”.⁶⁶² The government’s neglectful approach towards the formulation and monitoring of regulations is most blatant with regards to Madagascar’s unique environment, especially in relation to Chinese investments in the extractive industries and the role of Chinese trafficking networks in the international rosewood trade. Compounding these issues is the weakness of both Malagasy civil society and the institutions tasked with enforcing environmental and social regulations. Concurrently, regional government officials and prominent members of the HAT have been directly implicated in profiting from the smuggling of rosewood and other endangered species out of Madagascar. A crucial challenge for Madagascar in the coming decades will be how to reconcile mining sector growth, which will increasingly be driven by Chinese investments, with sustainable development practices.

Members of the new Chinese community have themselves expressed discontent with some of the ways they have been treated by the Malagasy government, further implying that state agency under the HAT was not developmental. WISCO executives claim that they paid US \$140 million as a signature bonus in 2010, not US \$100 million.⁶⁶³ At the time of the interview with the director of COMPLANT in August 2011, the Chinese company that now runs Madagascar’s sugar industry was incensed over a government-imposed ban on a sugar deal. Responding to the increase in international sugar prices, the Malagasy government had forbidden COMPLANT from selling a large quantity of sugar. Instead, the HAT ordered it to stock the sugar in its warehouse so that the government could buy it at a subsidised rate and sell it back to the population at a cheaper price – putting itself in favour with the local population but damaging the economy as a whole.⁶⁶⁴ I also highlighted the corruption case involving SMATP and the Minister of Public Works, who had demanded a 10% payoff for helping negotiate a construction contract awarded to the Chinese company.

China, democracy, and development

The consensus among the diplomatic and donor community in Madagascar is that the continued availability of Chinese funding has played a significant role in the failure to resolve the political crisis, the lack of progress on the implementation of SADC’s Roadmap, and the HAT’s continued attempts at

⁶⁶² Interview with the WWF representative in Madagascar, September 16, 2011.

⁶⁶³ “Miner’s Missing Millions”, *Africa-Asia Confidential*, 2012, 5, no. 9.

⁶⁶⁴ Interview with the director of COMPLANT, August 19, 2011.

unilateralism. China's engagement of Madagascar is certainly an example where China is doing business "with African ruling regimes that are often not representative of their populations and may be violating the human rights of their citizens".⁶⁶⁵ Despite freezes in diplomatic relations between Western governments and the current regime in Madagascar, China has maintained its relations with the HAT at the lower state levels and, notwithstanding a decrease in official development aid to Madagascar, China's economic relationship with the country has not been dramatically altered by the political crisis on the island. Since 2009, when the HAT assumed power, the Chinese government and private Chinese entrepreneurs have been increasing their activities in the country while economic and social development indicators in Madagascar have deteriorated. China clearly interferes in the internal politics of other countries, but it does not promote a Western rhetoric of democracy. However, drawing a causal link between the Chinese engagement and Madagascar's democratic stagnation is a hasty inference for several reasons.

China's engagement in the country may be growing, but it is still relatively small compared to that of other foreign donors and investors. I have shown that China has decreased the amount of development aid it has given to Madagascar since the advent of the crisis, and that it has not been among the top five contributors to Madagascar's aid receipts between 2009 and 2011. To put the amount of Chinese aid given to Madagascar into perspective, the US remains by far the biggest donor to Madagascar. Even with the curtailment of non-humanitarian aid deemed non-essential to the survival of the Malagasy, the American development aid budget still totalled more than US \$91 million in 2010.⁶⁶⁶ According to the AMP, China reported its aid contribution to Madagascar for the same year as US \$2 million.⁶⁶⁷ Even if this is a gross underestimation, it is still far less than that of the US. Faced with donor budget cuts, Madagascar does place great importance on the promotion of Chinese trade and investment. However, I have also shown that Sino-Malagasy trade has decreased since 2009, that the two biggest investment projects in Madagascar are currently Canadian and British, and they are both involved in the country's extractive industries.

China does not wish to be viewed as explicitly supporting internationally ostracised governments in Africa, and has taken steps to mitigate this perception in Madagascar. China has not officially recognised the HAT, and Chinese diplomats do not attend Malagasy state events nor do they invite Malagasy

⁶⁶⁵ Hess, Aidoo, and Saine, "Taming the Dragon", 35-67, p. 56.

⁶⁶⁶ United States, "USAID Madagascar Factsheet, 2008-2011".

⁶⁶⁷ www.amp-madagascar.gov.mg.

officials to their own. China even requested that Madagascar not send a representative to the FOCAC meeting in Sharm-el-Sheik in late December 2009. However, China has continued with diplomatic relations at the lower levels of government and has persisted with supporting its private and state-owned companies in the country. Low-level Chinese diplomats have openly met with HAT members, and the new Chinese ambassador to Madagascar presented his credentials to the Ministry of Foreign Affairs and met with the prime minister of Madagascar in 2012.⁶⁶⁸ However, China is not the only foreign actor to soften its stance regarding Madagascar's political crisis. Other diplomatic representations in Madagascar are also engaging the HAT. The French and German ambassadors, for example, have officially presented their credentials to the HAT, and former French president Sarkozy granted Rajoelina an audience during a visit to Paris.

China has also placated the international community by following IMF investment rules where applicable. In chapter five I discussed how the IMF had intervened in a negotiation between the Malagasy government and the China Exim Bank in 2008 because the interest rates proposed by China were too high for the IMF. Beijing complied with the IFI and merged two projects into one so that the grant component of one project exceeded the loan component of the other, and Chinese companies could still be contracted to construct the projects. Additionally, Beijing has also distanced itself from the CIF and WISCO. China's Ministry of Foreign Affairs insists that CIF and its Singapore-based sister organisation, China Sonangol, are private businesses that are separate from the government (yet while Beijing was publicly denouncing CIF, its state-owned enterprises were concluding multimillion-dollar deals for train equipment with the company from Hong-Kong).⁶⁶⁹ The Chinese ambassador to Madagascar also denies having any knowledge of links between the Chinese government and WISCO, despite WISCO having to seek approval from China's National Development and Reform Commission, one of China's principal economic planning institutions, to make the investment, and the fact that it is the third largest steel producer in China.⁶⁷⁰

My discussions of politics and development in Madagascar in chapters two and three suggests that whether or not China is undermining democratic political developments in Madagascar is a moot point because the process of electoral democracy in Madagascar itself is flawed. Political power in the country ultimately rests in the hands of the executive who can legally act virtually with impunity as long as he satisfies the demands of a powerful network of established

⁶⁶⁸ "Les Chinois Reviennent", *L'Express de Madagascar*, March 15, 2012.

⁶⁶⁹ "CIF, Beijing's Stalking Horse", *Africa-Asia Confidential*, 2010, 3, no. 7.

⁶⁷⁰ Pellerin, *Le Nouvel Essor*.

political families.⁶⁷¹ Although a large faction within this network of families supports Rajoelina, the current political crisis will most likely come to an end once the groups that are being marginalised by Rajoelina's policies organise themselves to stage the next take-over of power. Rajoelina himself seems increasingly intent on remaining in office. Despite promises that it will hold elections, it is not in the HAT's interest to do so. The example of development in Madagascar under Ravalomanana's regime between 2002-2008 indicated that for the case of Madagascar, political and bureaucratic efficacy matters more than participatory politics. In this instance, a developmental government that was democratic in name mixed the private interests of politicians with that of the state, demonstrating that neopatrimonialism and economic growth are not necessarily mutually exclusive. Corrupt politicians can be developmental so long as rents are channelled into productive areas of the economy.⁶⁷² Any Malagasy politician or businessman who negotiates with the Chinese will attempt to advance their own interests and profit from the Chinese engagements. What matters more for development is what happens with the remaining profits.

China is thus not directly harming democratic processes in Madagascar, and China's increasing engagement of Madagascar has not significantly altered the political playing field in the country. Put bluntly, different members of the same families who were vying for political power at independence in 1960 continue to exert a disproportional influence in politics and economics today. The point is that regardless of the label attached to it (good governance, democracy, neopatrimonialism), the politics of development are a means to an end, which in the case of Madagascar is economic and human development. Madagascar will have to implement an economic development plan that incorporates China's engagement in a manner compatible with the demands of both the population and the local elite. As a Malagasy academic at the Catholic University of Madagascar commented: "what works in the West does not necessarily work in Madagascar. You have to work with the system. Not recognizing it [the HAT] just stalls improvement. It will be a recurring cycle. The international community is asking for the impossible. The crisis will last, with or without Chinese investment."

⁶⁷¹ The UNDP representative in Antananarivo maintained that true democratic institutions have never existed in Madagascar. He agreed that comments on the political impacts of the Chinese presence in Madagascar are mostly based on unsubstantiated arguments, and that the only things that can be said for certain is that the small-scale Chinese enterprises are helping local commerce and consumers. Interview with UNDP representative in Madagascar, September 20, 2010.

⁶⁷² Bhagwati, 2002.

Concluding statements

The contemporary and progressive nature of the topic under investigation in this dissertation resulted in the exploration of a forward-looking hypothesis supplemented by research at the ground level. A lack of existing analysis on the evolving Sino-Malagasy relationship meant that I had to document the Chinese presence in Madagascar and disaggregate this relationship before I could explore the developmental effects arising from it. This necessitated a broad, countrywide parameter to the study, which constrained the extent to which I could examine specific sectors of Chinese involvement in more depth. Yet the wide focus of the study enabled me to conceptualise the Chinese engagement of Madagascar as a whole and to analyse those components that were especially relevant to my thesis. Additionally, by focusing on the presence of China inside Madagascar, I did not investigate the issues that Chinese exports raise for Malagasy commodities on the global market. However, as Chinese firms take on more substantive roles in global production networks and become lead firms, there is also a realisation that China raises new challenges and opportunities for export industries in developing countries. Madagascar can benefit from the growth of Chinese firms by filling the vacuum, but many Chinese products on the global economy compete with Malagasy products as well. This project was also limited by the difficulties associated with accessing reliable information on economic or demographic statistics pertaining to the Chinese presence in the country and the activities of Chinese companies, which was due to a lack of data collection and dissemination by the Chinese and Malagasy authorities and a general sense of opaqueness on behalf of the Chinese interviewees.

As China's presence in Madagascar evolves, further research will help to determine which Chinese actors will be productive members of society and leave some of their skills or profits behind, and which will not. Future studies might investigate the roles of local customs regulations, and the enforcement of these regulations, in influencing the growing competition from affordable Chinese goods on the Malagasy market. Concise information concerning China's projects in health and agriculture were also difficult to access. Additional investigations into the day-to-day operations and longer-term prospects arising from China's hybrid rice project in Madagascar, or the ways in which Chinese doctors are training Malagasy doctors at the malaria centre in Mahitsy, would offer novel and interesting insights to complement this study. An interview with WISCO was also absent from the research conducted for this study. Despite countless inquiries for contact information, and several calls to the company headquarters in

Antananarivo, the operating mechanisms of the conglomerate in the country remain elusive. A thorough exploration of how the ONE and relevant Malagasy Ministries and organisations have handled the country's potentially biggest foreign investment to date would significantly advance the research agenda on the Sino-Malagasy relationship.

Nonetheless, this dissertation has provided an original contribution to the rapidly growing body of work on “China in Africa” by analysing how the Chinese presence is impacting processes of development in Madagascar, a country that has hitherto received limited attention within this field of study. Due to the unique history of Chinese entrepreneurial migration to Madagascar, I highlighted the particular historical, economic, political, and social contexts in which these processes are unfolding. I found that the persistence of rumours and negative stereotypes about the new Chinese in Madagascar obstructs the identification and promotion of Sino-Malagasy ties in the areas where China is exerting positive development effects. These are arising through the creation of practical and structural tools needed for development embodied by Chinese-funded and built infrastructure projects. Broadly understood, these projects include agricultural, health, transport, energy, and communications infrastructures, whose developmental effects complement one another. Furthermore, an often-overlooked but equally important aspect of China's engagement is the increasing flow of non-tangible assets and capital represented by Chinese entrepreneurs who migrate to Madagascar. The vast majority of new Chinese entrepreneurs view their stint in Madagascar as a short-term opportunity to accumulate wealth with which to start a business once they return to China. In the meantime, however, many of them learn Malagasy, hire local employees, and transfer knowledge and skills to the local economy. Joint partnerships between Chinese and Malagasy companies, bi-directional migratory flows, and the hiring and training of local staff by Chinese companies, is also evidence of technology and knowledge transfers at work. While Chinese manufacturing is competing with Malagasy businesses, leading to growing resentments and a need for the government to better protect fragile industries, some Malagasy appear to be learning and finding ways to benefit from the Chinese business models through Chinese supply chains, business networks, and links.

Throughout this dissertation, I have also aspired to offer some nuance to the controversies concerning China's impacts on economic and political processes in African countries. Utilising the example of Madagascar, I have argued that because the development impacts of China in Africa are invariably mixed, they will ultimately depend on how the Chinese engagement is managed by African governments. Under Ravalomanana's development-oriented government, China's

engagement helped increase economic and human development, while under Rajoelina's government similar engagements have not helped produced the same results. I thus maintain that, despite the existence of serious issues regarding negative economic spillovers, unfortunate incidents surrounding social and labour relations, harmful environmental impacts, and the sometimes questionable quality of imported products and infrastructure projects, China's engagements in Africa can be conducive for local processes of development for several reasons.

First, China's growing engagements in Africa intervene in orthodox development theory at a time when the relevance and efficacy of this orthodoxy, especially its emphasis on good governance, is increasingly being called into question. Increasing recognition that traditional development aid has not produced widespread poverty reduction across the continent and the introduction of new development partners in Africa has resulted in a process of self-reflection among the established donor community. This is leading to the growing acceptance that local contexts not only differ between developing countries, but that they matter greatly for their development prospects. The role of the state is thus becoming more central to economic development, with the issue changing from whether or not the African state is a protagonist in development processes to what kind of role it can and should play in these processes. Despite its nominally a-political approach to its aid, trade, and investment relationships with African countries, the Chinese engagements places a premium on the role of the African state in managing its country's development agenda. This represents a shift from orthodox development policy and highlights the prominence of African agency in development.

Additionally, China's commercial-based relationships with African countries, its insistence on practical solutions to the continent's development problems, and its emphasis on vital infrastructures provide African governments a platform on which to superimpose private-sector led growth. I have sought to show that, coupled with Chinese investments and projects in the infrastructure sectors, the creation of new Sino-Malagasy business networks and links can help increase opportunities for the production of local goods for sale at home and export abroad. Above all, I have argued that the key to harnessing this potential is for the Malagasy state as a whole to formulate and enforce a China-specific development strategy, encourage multi-directional flows between China and Madagascar, and promote improved dialogue and communication in order to enhance awareness about the opportunities inherent in the new Chinese engagements of the country for both Madagascar's entrepreneurs and the island's other international development partners.

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Appendix 2 – Interviews

From the old Chinese community

1. Teacher, Confucius Institute, October 4, 2010.
2. Mr. Georges, owner of the Muraille de Chine and president of the Chinese congregation, October 5, 2010.
3. Director, Confucius Institute, October 7, 2010.
4. Business owner, October 26, 2010.
5. President, Chinese Women's Association, October 29, 2010.
6. Founder, MCBC, November 24, 2010.
7. Owner, Sam Kocwa, August 30, 2011.

From the new Chinese community

Chinese embassy:

8. Economic and commercial counsellor, September 21, 2010.
9. Political attaché, October 13, 2010.
10. Deputy chief of mission, April 22, 2011.
11. Economic and commercial counsellor, August 17, 2011.

Extractive industries:

12. General director, Sino-Afrique, August 30, 2011.

Construction:

13. Manager, CRCC, August 18, 2011.
14. Manager, CRCC, August 18, 2011.
15. Representative of SOGECO, August 19, 2011.
16. Deputy director, SMATP, September 9, 2011.

Industry:

17. Director, Complant, August 19, 2011.

Textiles:

18. Investor from Hong Kong, March 22, 2011.

Real estate:

19. Mr. Kaz, owner of Globe Company, October 6, 2010.

Retail:

20. Mr. Ren, owner of Bao Lai, October 27, 2010.

21. Shopkeeper 1, April 27, 2011.

22. Shopkeeper 2, April 27, 2011.

23. Shopkeeper 3, April 27, 2011.

24. Shopkeeper 4, April 27, 2011.

25. Shopkeeper 5, April 27, 2011.

26. Shopkeeper 6, April 27, 2011.

27. Shopkeeper 7, April 27, 2011.

28. Shopkeeper 8, April 27, 2011.

29. Shopkeeper 9, April 27, 2011.

30. Shopkeeper 10, April 27, 2011.

31. Shopkeeper 11, June 25, 2011.

32. Shopkeeper 12, June 25, 2011.

33. Shopkeeper 13, June 25, 2011.

34. Shopkeeper 14, June 25, 2011.

35. Shopkeeper 15, June 25, 2011.

36. Shopkeeper 16, June 25, 2011.

37. Shopkeeper 17, June 25, 2011.

38. Shopkeeper 18, June 25, 2011.

39. Shopkeeper 19, June 25, 2011.

40. Shopkeeper 20, June 25, 2011.

41. Shopkeeper 21, June 25, 2011.

42. Shopkeeper 22, June 25, 2011.

43. Shopkeeper 23, June 25, 2011.

44. Shopkeeper 24, June 25, 2011.

45. Shopkeeper 25, June 25, 2011.

Import/Export:

46. Shang Liang, owner of Perle Trading Company, November 8, 2010.

Tourism:

47. Sylvain Liu, owner of Madagascar Découverte, August 25, 2011.

Foreign academics working on Madagascar

48. PhD student, Université Sciences Po Bordeaux, September 10, 2010.
49. PhD student, Universitaet Mainz, September 22, 2010.
50. PhD student, SOAS, October 12, 2010.
51. PhD student, University of Wisconsin, August 19, 2011.
52. Anthropologist/researcher, November 12, 2011.
53. Professor, LSE, February 9, 2012.

Malagasy academics and journalists

54. Director, Madagascar Resources Governance Programme, September 27, 2010 and 25 August, 2011.
55. Professor, University of Antananarivo, October 6, 2010.
56. Graduate student, University of Antananarivo, October 11, 2010.
57. Graduate student, Centre d'Etudes Diplomatiques et Strategiques, Madagascar, October 12, 2010.
58. Freelance journalist, November 26, 2010.
59. Professor, Catholic University of Antananarivo, August 16, 2011.
60. Professor, University of Mahajanga, August 25, 2011.
61. Author of a book on the political crisis, September 20, 2011.
62. Journalist, November 26, 2010.
63. Student, University of Antananarivo, November 29, 2011.

From the Malagasy government

64. Director of budget, Ministry of Economy and Finance, September 23, 2010.
65. Director, EDBM, September 28, 2010.
66. Director, immigration services, Ministry of the Interior, October 5, 2010.
67. General director, INSTAT, October 8, 2010.

68. Director, economic statistics, INSTAT, October 8, 2010.
69. Minister of public works, October 12, 2010, and October 20, 2010.
70. Economist, Central Bank, October 15, 2010.
71. Director, external relations, Central Bank, October 15, 2010.
72. Director, Asia-Pacific section, Ministry of Foreign Affairs, October 15, 2010.
73. Director, diplomatic visa services, Ministry of Foreign Affairs, October 20, 2010.
74. Employee, Asia-Pacific section, Ministry of Foreign Affairs, October 20, 2010.
75. Employee, Ministry of Mines, October 22, 2010.
76. Deputy director, Mining Registry (BCMM), October 22, 2010.
77. Employee, Ministry of Mines, October 23, 2010.
78. Minister of Agriculture, November 5, 2010.
79. President, CENA, November 10, 2010.
80. Minister of Water, November 12, 2010.
81. Minister of Commerce, November 29, 2010.
82. Economist, Central Bank, December 2, 2010.
83. Director, consumer protection, Ministry of Commerce, December 2, 2010.
84. Section chief, external relations, Ministry of Commerce, December 2, 2010.
85. Minister of Transportation, December 7, 2010.
86. Foreign affairs secretary, Office of the Analamanga Region, December 10, 2010.
87. Employee at ONE in charge of the WISCO folder, June 7, 2011.
88. Director, exterior Commerce, Ministry of Commerce, August 17, 2011.
89. Assistant, exterior Commerce, Ministry of Commerce, August 17, 2011.
90. General director, office for the development of industry, Ministry of Commerce, August 19, 2011.
91. Assistant, Zone Franche development, Ministry of Commerce, August 19, 2011.
92. Director, Directorate for the Promotion of Partnership and Entrepreneurship, Ministry of Commerce, August 19, 2011.
93. Director, Permanent Technical Secretariat for Aid Coordination (AMP) on August 29, 2011.
94. Employee, ONE, August 31, 2011.
95. Director, JIRAMA, September 1, 2011.

Malagasy businesses and business organisations

96. Former academic and retired director of Air Madagascar, September 25, 2010.
97. Director of SIPROMAD, September 29, 2011.
98. Director, Nouvelle Imprimerie des Arts Graphiques (NIAG), September 29, 2010.
99. Director, Soltec, November 2, 2010.
100. Owner, Import business, November 9, 2010.

101. Director of GEM, November 16, 2010.
102. President of SIM, November 22, 2010.
103. Secretary General, Cluster Textile Mada Group, November 24, 2010.
104. Director of PAPMAD, March 24, 2012
105. Deputy director of PAPMAD, March 24, 2012.

Malagasy consumers and consumer organisations

106. Resident and hotel owner in Belo-sur-Tsiribihina, October 19, 2010.
107. Consumer 1, September 17, 2010.
108. Consumer 2, September 17, 2010.
109. Consumer 3, September 17, 2010.
110. Consumer 4, September 21, 2010.
111. Consumer 5, September 23, 2010.
112. Consumer 6, September 27, 2010.
113. President of FIMPA, December 10, 2010.

From the diplomatic community in Madagascar, excluding China

114. Madagascar country director, World Bank, September 16, 2010.
115. Cultural attaché, German embassy, September 17, 2010.
116. Director, Goethe Institute, September 17, 2010.
117. Resident representative, UNDP Madagascar, September 20, 2010.
118. Madagascar country director, Friedrich Ebert Stiftung, September 20, 2010.
119. Senior private sector development specialist, World Bank, September 22, 2010.
120. Political and economic section chief, US Embassy, September 23, 2010.
121. Resident representative, IMF, September 27, 2010.
122. Resident representative, IMF, September 28, 2010.
123. Former IMF representative to Madagascar from 1989-1992, September 22, 2012.
124. Director of operations, ABD, September 28, 2010.
125. Ambassador, Norwegian embassy, October 4, 2010.
126. Programme fundraiser, UNICEF, October 14, 2010.
127. Media relations assistant, UNICEF, October 14, 2010.
128. American missionary, October 27, 2010.
129. Chargé d'affaires, US embassy, October 27, 2011.
130. Resident representative, UNICEF, November 9, 2010.
131. Chief Economist, World Bank, November 10, 2010.
132. Ambassador, French embassy, November 10, 2010.
133. Economic and commercial counsellor, French embassy, November 10, 2010.
134. Consultant, WWF, August 23, 2011.

- 135. Communication for development chief, UNICEF, November 15, 2010.
- 136. Ambassador, German embassy, June 1, 2011.
- 137. Director, WWF, November 16, 2011
- 138. CSR consultant, WWF, November 16, 2011.
- 139. Media relations chief, UNICEF, November 26, 2011.
- 140. Assistant to the deputy chief of mission, South African embassy, August 17, 2011.
- 141. Deputy chief of mission, South African embassy, August 17, 2011.
- 142. Political attaché, US embassy, August 23, 2011.
- 143. IMF resident representative to Madagascar from 1989-1992, September 22, 2012.

Foreign private sector companies in Madagascar

- 144. Director of Airtel Madagascar, September 29, 2011.
- 145. Owner, mining sector consultancy, November 11, 2010 and November 4, 2011.
- 146. Director, Sherrit Madagascar, August 26, 2011.
- 147. Director for CSR, Sherrit Madagascar, August 26, 2011.
- 148. Consultant for Sherrit, August 26, 2011.
- 149. Representative, Rio Tinto Madagascar, August, 26 2011.
- 150. Managing director, COLAS, August 29, 2011.
- 151. Deputy general manager, Madagascar Oil, August 30, 2011.

Other

- 152. Journalist, Bloomberg, November 17, 2010.
- 153. Mauritian Economist at the IMF, August 26, 2012.